



Graduate School  
of **BUSINESS**  
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*The role of founder identity in the evaluation of  
entrepreneurial opportunities*

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## **Abstract**

Entrepreneurship is a fundamental part of the economic development and value creation of societies. Value can be defined in different ways, but at its core it is the production of new goods and services. How these outcomes are produced, how they are shared and distributed across the economy and what is done with the earnings that are created from their production (reinvestment) are key questions in defining economic value. Ventures of founders driven by economic self-interest, or engaged in entrepreneurship to enrich a community or to advance society bear importance in this relation.

This study explored the role of founder identity in the evaluation of entrepreneurial opportunities. It was argued that a social identity lens can be central in improving our understanding of founders' heterogeneous behaviours and actions in new firm creation and development. Using the lens of identity and social identity theory as mentioned above can help gaining new important insights for a better understanding of how founders behave and act in new firm creation which influences how new ventures emerge and develop. In doing so, special attention is given to the way in which the level of inclusiveness, as part of their self-concept as founders', influences their forming of first-person opportunity beliefs to guide opportunity selection and the type of venture they intend to form.

An explanatory sequential mixed methods design was used to answer the research question of how founder identity influences the evaluation of entrepreneurial opportunities. An online survey using an empirically validated 15-item scale conducted with first-time founders and students generated 173 responses. This was followed by a qualitative phase, conducted with a subset of the survey respondents, comprising 34 face-to-face interviews using verbal protocols. The findings of this study revealed that differences in the structure of founder's identities drive variations in how they evaluate entrepreneurial opportunities and form first-person opportunity beliefs. The study showed that the 'individuation' of the opportunity evaluation process varies between distinct founder identity types and offers novel insights into the forming of first-person opportunity beliefs derived from the use of individual-level cognitive resources during opportunity evaluation. It provides evidence that social identities of founders relate to distinct entrepreneurial behaviours and actions during the entrepreneurial process, and in specific, to distinct behaviours and actions during opportunity evaluation as part of the entrepreneurial process.

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# CHAPTER ONE

## INTRODUCTION

Someone often hears businesses, entrepreneurs or sectors talking about themselves as wealth-creators. The contexts may differ – finance, big pharma or small start-ups – but the self-descriptions are similar: I am a particularly productive member of the economy, my activities create wealth, I take big ‘risks’, and so I deserve a higher income than people who simply benefit from the spill-overs of this activity. But what if, in the end, these descriptions are simply just stories? Narratives created in order to justify inequalities of wealth and income, massively rewarding the few who are able to convince governments and society that they deserve high rewards, while the rest of the population have to do with the leftovers (Mazzucato, 2018).

Entrepreneurship is a fundamental part of the economic development and value creation of societies. Value can be defined in different ways, but at its core, it is the production of new goods and services. How these outcomes are produced, how they are shared and distributed across the economy and what is done with the earnings that are created from their production (reinvestment) are key questions in defining economic value (Mazzucato, 2018). Ventures that are created by founders driven by economic self-interest, community development or to societal advancement bear importance in this relation.

Entrepreneurial behaviour is at the core of the understanding of entrepreneurship and entrepreneurial processes. Entrepreneurial behaviour is defined as the numerous behaviours and activities that individuals engage in when creating new ventures—and contrasted them to the behaviours and activities of individuals working in established organisations (Gartner, Bird, & Starr, 1992). However, much of the received literature on entrepreneurial behaviour defines the construct as containing those behaviours and actions that are essential to start and grow a new venture (Gruber & MacMillan, 2017), thereby adopting a perspective of entrepreneurship that is embedded in economic rationality and focused on the creation of for-profit ventures. This is because entrepreneurial behaviours are often conflated with any commercial behaviour conducted by entrepreneurs when launching and growing their ventures, (such as conducting market studies or performing internet searches), which makes it more difficult to understand the essence of the phenomenon (Gruber & MacMillan, 2017). However, the field of entrepreneurship has, over the course of the past two decades, extended in its scope and now

encompasses ‘non-traditional’ firm-creation activities that the founders engage in and that are not solely for self-reward, but also couple economic rent generation with generating benefits for others. These firm-creation activities do not just contain motivations based on self-reward and economic rent seeking but also try to target a social problem, for example through social entrepreneurship activities (Dacin, Dacin, & Matear, 2010; Short, Moss, & Lumpkin, 2009). The field of social entrepreneurship that gained more traction in recent years is less focused on the creation of economic value than on the creation of social value, although both are not mutually exclusive (Gregorie et al., 2010; Mair & Martí, 2006; Zahra et al., 2009).

Mair and Marti (2006) understand social entrepreneurship as a process to generate social transformation by meeting social needs through embracing both social and economic aspects at the same time. The authors specify in this regard that the main focus is on the creation of social value, while economic sustainability is considered as a necessary condition to warrant financial viability. Given that the behaviours of these social entrepreneurs blend behaviours that reach beyond traditional cost-benefit calculus and economic rationality (Gruber & MacMillan, 2017; Fauchart & Gruber, 2011; Miller, Grimes, McMullen, & Vogus, 2012), it has become more challenging to clearly articulate what are and what are not entrepreneurial behaviours and, more fundamentally, to explain when and why entrepreneurs engage in behaviours that are primarily ‘other oriented’.

By considering the different meanings that founders associate with entrepreneurship and to draw attention to the self-concepts of entrepreneurs by understanding how they shape venture creation processes and outcomes, a rapidly growing number of research studies have turned to identity theory (Cardon, Wincent, Singh, & Drnovsek, 2009; Farmer, Yao, & Kung-Mcintyre, 2011; Fauchart & Gruber, 2011; Hoang & Gimeno, 2010; Murnieks & Mosakowski, 2007; Navis & Glynn, 2011; Shepherd & Haynie, 2009; Wry & York, 2017; York, O’Neil, & Sarasvathy, 2016).

When trying to understand entrepreneurial behaviour, an identity perspective opens the possibility to move beyond traditional views embedded in economic rationality when trying to understand entrepreneurial behaviour because this emphasises that people behave and act in ways that they consider appropriate for themselves in a particular context (e.g. new venture forming (Gruber & MacMillan, 2017). Importantly, this perspective accounts behaviours of not only of entrepreneurs who start ventures strictly out of economic self-interest, but also those

who launch ventures because of concern for others—either in their community or in society at large. Whereas the majority of work to date adopts a role identity perspective based on identity theory to inform its theorising, studies employing social identity theory are beginning to gain traction (Fauchart & Gruber, 2011; Stets & Burke, 2000; Powell & Baker, 2014; Stryker, 2007). For example, in line with the notion that individuals intend to behave and act in ways that match their own identities, Fauchart and Gruber (2011) find that the social identities of entrepreneurs are systematically related to distinct entrepreneurial behaviours and actions.

Busenitz et al. (2014) conclude in their bibliometric study that the study of entrepreneurial opportunities and nascent ventures is becoming significantly more relevant in entrepreneurship research, and that the emergence of opportunities in entrepreneurship research specifically seems to represent an important inflection point in the maturing and influence of entrepreneurship as a field of study. Entrepreneurship occurs when enterprising individuals act on promising entrepreneurial opportunities (Shane, 2003; Shane & Venkataraman, 2000). Shane and Venkataraman (2000) outline that the field of entrepreneurship should explore the nexus between opportunities and enterprising individuals. In doing so, they specifically refer to the entrepreneurial process as being multi-phased and consisting of three primary activities: the discovery, evaluation, and exploitation of entrepreneurial opportunities. It is at this nexus of individual and opportunity where beliefs about the potential value resulting from opportunity exploitation form (Grégoire et al., 2010; Haynie et al., 2009). Entrepreneurs often face the decision of determining whether or not an opportunity is attractive enough to pursue (McMullen & Shepherd, 2006).

Firm founders have the freedom to pursue those types of opportunities that match their own preferences, choose the ways in which they want to exploit their opportunities, and pursue the goals that they have set for themselves (Sieger, Gruber, Fauchart, & Zellweger, 2016). In other words, given that founders can put a lot of ‘themselves’ into their entrepreneurial activities, entrepreneurship, to a large extent, offers individuals the freedom of personal expression. Entrepreneurship can be considered as an important indicator of the human self and new ventures in this sense become important reflections of the meanings that founders associate with entrepreneurship (Fauchart & Gruber, 2011; Powell & Baker, 2017).

As such, it is important to consider both the situational conditions that shape entrepreneurial opportunity (Plummer, Haynie, & Godesiabo, 2017), and the individual factors that influence

pursuit of entrepreneurial opportunity (Wood, McKelvie, & Haynie, 2014). In relation to this, McMullen and Shepherd (2006) developed a two-staged conceptual model, in which they outline that a third-person opportunity is characterised through its attractiveness towards the entrepreneur. The third-person opportunity constitutes as the attention stage, which focuses on the assessment of a third-person opportunity as a possibility for someone. Following from the attention stage, is the evaluation stage, which contains the assessment of first-person opportunity for the actor (Haynie et al., 2009; McMullen & Shepherd, 2006). Thus, first-person opportunity beliefs form as a result of the opportunity evaluation. McMullen and Shepherd (2006) argue that the “willingness to bear the perceived uncertainty associated with an entrepreneurial act is representative of a belief-desire configuration, in which the belief of what to do is a function of knowledge and desire of why to do it is a function of motivation” (McMullen & Shepherd, 2006, p. 17). They further explicate that first-person opportunity beliefs are shaped via information, experience, and deeper values through opportunity evaluation. These opportunity beliefs ultimately underpin entrepreneurial action (Felin & Zenger, 2009; McMullen & Shepherd, 2006).

As part of the multi-phase process (i.e. recognition, evaluation and exploitation), opportunity evaluation has emerged as an area of research, in which scholars try to comprehend how individuals uncover the personal attractiveness of opportunities. The extant research on opportunity evaluation suggests that the knowledge and values of individuals influence the formation of first-person opportunity beliefs. The stronger the opportunity matches with the individual’s deeper knowledge and value structures, the stronger the first-person beliefs. Therefore, understanding first-person opportunity belief formation processes during opportunity evaluation and the factors which influence these beliefs are central to advancing our understanding of entrepreneurial behaviours and the associated outcomes. Since these beliefs are key drivers of entrepreneurial behaviour (McMullen & Shepherd, 2006), the understanding of processes and factors that inform opportunity beliefs is important to advance entrepreneurial behaviours and outcomes.

Person-specific factors can enhance or hinder first-person beliefs. These person specific factors range from highly variable (e.g. emotional states) to highly stable (e.g. gender). Yet, limited theoretical and empirical attention has been given to identity and social identity theories as highly variable person-specific factors, as well as the examination of their influence on opportunity evaluation as first-person beliefs. Identity signifies a set of meanings that illustrate

the understandings, feelings, and expectations that are related to the self as an occupant of a social position (Stets & Burke, 2000) and concerns itself with the differences in perceptions and actions that accompany a role (Stryker, 1980). Social identity refers to an individual's knowledge that they belong to a certain social group or category, with some emotion or value being extracted from such association (Turner, 1975). Therefore, employing founder identity theory could provide for new insights in the formation of first-person opportunity beliefs, and add to the understanding of how individuals evaluate entrepreneurial opportunities. It can further contribute to a better understanding of how entrepreneurial identities shape meanings associated with entrepreneurial behaviour.

Differences in the structure of founder's identities can drive variations in how they evaluate entrepreneurial opportunities and form first-person opportunity beliefs. Exploring how the 'individuation' (Wood, McKelvie, & Haynie, 2014) of the opportunity evaluation process varies between distinct founder identity types could shed light on the formation of first-person opportunity beliefs derived from the use of individual-level cognitive resources during opportunity evaluation. Social identities of founders, as a variable person-specific factor could lead to distinct entrepreneurial behaviours and actions during the entrepreneurial process, and more specifically, during opportunity evaluation as part of the entrepreneurial process. Moreover, how founders use opportunity-related information to generate a mental image of the opportunity, and whether that image is formed in part by their social identity as they 'individuate' information to develop beliefs about the personal fit between them and the opportunity, has to date not been explored.

Understanding founders' social identities and variations in their individuation process could strengthen the notion that opportunities are not equally appealing to all, and where an opportunity might appear to be more attractive to a specific individual, it may not necessarily appeal to another (Dimov, 2010). It could also offer the possibility to predict the forming of first-person opportunity beliefs in relation to the social identity of founders as a variable person-specific factor, which characterise differences in the opportunity-individual nexus.



### **1.1. Research Problem and Objectives**

As mentioned above, the process through which first-person opportunity beliefs are generated, and how individual differences influence the way these elements are combined during opportunity evaluation remain underexplored. Furthermore, although motivation is a necessary condition for entrepreneurial action (McMullen & Shepherd, 2006), how knowledge and motivation lead to belief formation, and how individual differences influence motivation for pursuing an opportunity during opportunity evaluation has not received sufficient attention as pointed out by Wood and McKelvie (2015).

Recent studies have shown that the distinct identity and social identity of founders appear to significantly influence the social world that is relevant for founders (Alsos, Clausen, Hytti, & Solvoll, 2016; Fauchart & Gruber, 2011; Powell & Baker, 2014; Sieger et al., 2016; Wry & York, 2017; York et al., 2016). Using the lens of identity and social identity can help gaining a more robust understanding of how founders behave and act in new firm creation. This in turn will influence how new ventures emerge and develop. In doing so, I pay specific attention to the way in which the level of inclusiveness, as part of their self-concept as founders', influences their forming of first-person opportunity beliefs to guide their opportunity selection and the type of venture they intend to form. This will address the gap regarding how distinct founder identities relate to entrepreneurial opportunities based on their social identities and their level of inclusiveness.

Based on the abovementioned, the overall research question guiding this study is as follows:

**RQ:** *How does founder identity influence the evaluation of entrepreneurial opportunities?*

Hence, the overall research objective of the study is to explore how founder identity influences the evaluation of entrepreneurial opportunities. To this end, I examine potential similarities and differences between founders with distinct social identities and how this relates to entrepreneurial behaviour during the forming of a new venture. Whereas prior research explored the influence of different founder identities on strategic decisions in already established ventures (Fauchart & Gruber, 2011; Powell & Baker, 2014; Sieger et al., 2016), this research investigates the influence of different founder identities on entrepreneurial behaviour during opportunity evaluation as part of the entrepreneurial process (Shane &

Venkataraman, 2000). Specifically, I look at (1) founders' social motivation for starting a venture, (2) the way in which they evaluate themselves, and (3) their frame of reference (the relevant others).

## **1.2. Structure of the Thesis**

The thesis is comprised of seven chapters and is organised as follows.

Chapter two and three provide the literature review and therefore the context for the study. Chapter two presents the two main identity theories used in entrepreneurship research, role identity and social identity, that this research draws upon. It is followed by a discussion of the concept and recent developments of founder identity theory in particular, which marks one of the central parts of this research. When combined with identity theory, the emerging body of work in relation to founder identity (Fauchart & Gruber, 2011; Powell & Baker 2014; 2017; Wry & York, 2017) indicates that an identity and social identity lens can be central in improving the understanding of founders' heterogeneous behaviours and actions in new firm creation and development.

Chapter three entails a discussion of entrepreneurship theories and concepts this study draws upon, which together with the identity theories presented in the prior chapter guide the research design and data analysis. I first describe the evolution of and theoretical approaches to entrepreneurship research and then focus on entrepreneurial opportunities as a central part of entrepreneurship research. Chapter three concludes by providing a conceptual framework that connects founder identity theory with entrepreneurial opportunities. By doing so, it informs the research objective of the study which is to explore the potential influence of variations of founder identities on opportunity evaluation and the forming of first-person opportunity beliefs.

Chapter four describes the research method that was undertaken in order to address the research question. It begins by providing an overview of my philosophical stance, then continues to discuss the use of mixed-methods as the main research design informing this study. The proposed method for this study will be an explanatory sequential mixed-methods research approach. This involves collecting quantitative data first, which is followed by qualitative data derived from decision scenarios using verbal protocols during interviews. The chapter also explains the methodological choices associated with the data sample, research design, and proposed data analysis used to address the research question and presents the results of the

quantitative data collection method. The chapter concludes with a section describing the ethical considerations addressed which were in accordance with the University's ethical guidelines.

Chapter five presents the main findings from the data collection and data analysis efforts based on interviews conducted with founders in the qualitative phase, as well as the integration with the results from the quantitative phase. Specifically, I highlight how the founders presented similar response patterns towards the evaluation of entrepreneurial opportunities based on their respective social founder identity type, but at the same time, also the difference in the response patterns across the three distinct social founder identity types.

Chapter six discusses the theoretical contributions and implications of the findings the study set out to explore. In doing so, the focus is on the forming of first-person opportunity beliefs during the opportunity evaluation phase, in contrast to third-person opportunity beliefs, which form during the opportunity recognition. The arguments put forward in the discussion chapter attempt to articulate the importance of the findings in advancing the knowledge about entrepreneurship and entrepreneurial behaviours.

The final chapter, chapter seven concludes the thesis by answering the overall research question set out in this study. It emphasises the main theoretical contributions and puts forward the conceptual model that culminated from the analysis of the research findings. The chapter then discusses the practical implications of the study, and concludes with outlining limitations and directions for future research.

# **CHAPTER TWO**

## **ENTREPRENEURIAL OPPORTUNITIES AND OPPORTUNITY EVALUATION**

### ***Chapter Overview***

This chapter entails a discussion of the entrepreneurship theories and concepts. I first describe the evolution and theoretical approaches of entrepreneurship research and then focuses on entrepreneurial opportunities as a central part of entrepreneurship research. In doing so, it follows the conceptual framework outlined in Shane and Venkataraman (2000) and Shane (2003) that involves the nexus of two phenomena: the presence of profitable opportunities and the presence of enterprising individuals (Venkataraman, 1997). These authors provided for a seminal discussion of entrepreneurship as a multi-phase process (i.e. recognition, evaluation and exploitation). The chapter continues to discuss opportunity evaluation that has emerged as an area of research, in which scholars try to comprehend how individuals uncover the personal attractiveness of opportunities by using different judgement criteria to decide whether to invest time and money in order to pursue them (Williams & Wood, 2015). Thus, it intends to discuss opportunity evaluation as a distinct phase in the entrepreneurship process and argues for a richer understanding of the cognitive dynamics that lead certain individuals to evaluate opportunities as attractive for them.

### **2.1. Entrepreneurship: Its Evolution and Theoretical Approaches**

#### **2.1.1. A Brief Historical Overview**

Entrepreneurship as a phenomenon and the entrepreneur as a person were first studied by economists. One of these researchers, French businessman Richard Cantillon (1755), introduces the entrepreneur into economic models and assigns him the role of an arbitrageur. In this role the entrepreneur serves as a coordinator between producers and consumers through making judgements in an environment of uncertainty. This risk bearing is seen by Cantillon as the main value that the entrepreneur adds to an economy (Hebert & Link, 2009). By contrast, Turgot (1777) perceived the entrepreneur as the result of a capitalist investment decision. On the one hand, he acts as a lender, which signifies that he represents a pure capitalist, on the other hand, he assumes the role of a producer, which Turgot considers as the equivalent in his theoretical concept (entrepreneur). Say (1840) on the other side considers the entrepreneur as

key figure in economic life, who is an industrial leader and understands technological means of production by transferring his knowledge into products. Hebert and Link (2009) summarise the different roles that were assigned to the entrepreneur over time, which made the entrepreneur look ubiquitous in the economy.

With the emergence of neoclassical economics, the entrepreneur seems to disappear from economic theory, due to a misalignment regarding the notions of equilibrium conditions, for which some scholars have criticised the neoclassical approach. Knight (1921) challenged the perfect competition model by introducing his concept of risk and uncertainty. In a similar fashion, Schumpeter (1934) criticised the static perspective of neoclassical models. He opposed the notion that the general state of the economy is an equilibrium, but referred to creative destruction as the constant change that derives from new resource combinations driven by entrepreneurs. In doing this, the entrepreneur constantly disrupts the economic equilibrium and is seen by Schumpeter as an innovator (1934).

Hayek (1937, 1945, 1948) and Mises (1949), the founders of the Austrian School of Economics, were also not convinced that the equilibrium presented a given condition of the economy, although their general criticism of the neoclassical economic theory differed substantially from each other. Both authors showed an interest in the market process, which leads to an equilibrium of the economy. In this regard, the entrepreneur proves to be responsible for this process to happen. Hayek (1948), in specific, posited that the market process is driven by individuals who possess better mutual information about the plans followed by other market participants. Mises (1949) instead argued that the market process is shaped through the imaginative, speculative and daring actions of entrepreneurs. According to him, these entrepreneurs identify opportunities for pure profit in the conditions of market disequilibria. Kirzner (1985, 1997), a student of Mises, extended Mises work further and coined the terms “entrepreneurial alertness” and “entrepreneurial discovery”. The thought process behind the two concepts is that the entrepreneur appears to be alert to existing opportunities in the market and identifies them by coincidence (Kirzner, 1997).

The work of some of these economists has subsequently found its way into the field of business management and has been built on through the work of researchers in this area. Penrose (1959), for example, explored the impact of the entrepreneur and the productive opportunity on firm growth. Yet, entrepreneurship as a distinctive research area only began to emerge in the 1970s,

but since then has gained in academic importance and in business practice for several reasons (Meyer & Neck, 2002).

The next section will present the major disciplines and their objectives, such as economics, psychology, sociology and management, and their contribution to entrepreneurship research in more detail.

### **2.1.2. Different Disciplines in Entrepreneurship Research**

The last decades have seen a continued increase in the importance of entrepreneurship research and the domain has received significant research interest. Specialised academic journals such as the Journal of Business Venturing, Entrepreneurship Theory and Practice and Strategic Entrepreneurship Journal became part of the Financial Times Top 50 list by publishing articles that are highly cited.

As mentioned above, the research on entrepreneurship can mainly be differentiated through three main streams (economics, psychology/sociology and management) and categories based on their specific focus towards entrepreneurship (Stevenson & Jarillo, 1990). In the economics stream, the main question revolves around *what* and is concerned with the results of the actions of the entrepreneur on the whole economic system and not on the entrepreneur himself/herself. The psychology/sociology stream mainly focuses on the causes of *why* entrepreneurial action occurs and therefore primarily analyses the entrepreneur as an individual and their background, environment, goals, values and motivations (ibid). In the third stream, management, the centre of attention moves toward the characteristics of entrepreneurial management, specifically *how* entrepreneurs manage and act to achieve their goals on an individual level and from a firm-level perspective. (ibid). Table 1 depicts a summary of the above mentioned classification. Subsequently, some topics and subjects of the different disciplines are outlined, in which focus is given to certain topics, without claiming to illustrate an entire overview.

Table 1: Contribution of Disciplines to Entrepreneurship Research (adapted from Stevenson and Jarillo, 1990)

Discipline	Economics	Psychology/Sociology	Management
Research focus	Effects	Causes	Behaviour
Main question	What	Why	How
Unit of Analysis	Macro	Individual	Individual, Firm

Entrepreneurial economics, according to Stevenson and Jarillo (1990), generally examines the net effects, the “what”, for the whole economic system caused by the actions of the entrepreneur and the role that the entrepreneur entails in the development of the overall market system. As described under section 3.1.1., there are two prevailing assertions in economics about how entrepreneurs influence the whole economic system. One stream posits that entrepreneurs disrupt the market equilibrium through innovation and the creation of new entrepreneurial opportunities (Holcombe, 2003; Schumpeter, 1934). The other stream argues that the entrepreneur returns the market to its equilibrium through the identification of existing entrepreneurial opportunities (Hayek, 1945; Kirzner, 1973; Mises von, 1949).

Research studies positioned in the domain of psychology/sociology have gained particular interest through two streams of research concerned with trait and cognitive theories as explanations for the causes of observed entrepreneurial behaviour as the “why”. Trait-related theories focus on the identification of specific traits inherent in entrepreneurs, which centres on the idea of differentiating entrepreneurs from non-entrepreneurs by comparing differences in their personality. Traits that have been explored include, for example, the need for achievement (McClelland, 1961), risk propensity (Brockhaus, 1980), locus of control (Rotter, 1966), and tolerance of ambiguity (Budner, 1962).

Yet, trait theory approaches have been criticised to be at best inconclusive and not producing stable outcomes (Gartner, 1989; Shaver & Scott, 1991). Consequently, the focus has moved to more cognitive approaches. Among the first studies that followed this approach were those that explored cognitive biases and heuristics in strategic decision making (Busenitz, 1992; Busenitz

& Barney, 1997) and the impact of former entrepreneurial experience on the perceptions of new venture feasibility and desirability (Krueger, 1993). Entrepreneurial cognitive research looks at the influence of entrepreneurial cognition, for example, the examination of complicated environments, in which high uncertainty, novelty or information overload is manifested (Mitchell & Busenitz, 2002). Baron and Ward (2004) explored in this regard the influence of several biases, such as optimistic bias, planning fallacy, or the illusion of control, on the decision to become an entrepreneur.

Other cognitive approaches explored the impact of attitudes, intentions and identity. As outlined in chapter two, it has also long been argued that intentions, which are derived from attitudes, are the best indicators of behaviour (Krueger, Reilly, & Carsrud, 2000). For this reason, there is a robust stream of research on entrepreneurial intentions that are using intention-based models in their analysis (Liñán & Fayolle, 2015). Although different intention models exist, Ajzen's (1991) theory of planned behaviour (TPB) has become one of the more broadly used models in both social psychology and the entrepreneurship domains (Liñán & Fayolle, 2015; Mair & Noboa, 2006).

Research has also shown that identity has an impact on behaviour (Leitch & Harrison, 2016). Identity can be seen as influencing individuals' attitudes towards behaviour, for example the perception that a certain course of action is the right one because it confirms one's identity. Hence, identity appears to be different from, while at the same time intertwined with, one's attitudes and intentions towards a specific behaviour. In this relation, entrepreneurship can be viewed as a process of identity construction with entrepreneurs being driven by their perceived identities to establish ventures (Ireland & Webb, 2007).

The management approach of entrepreneurship encompasses a wide range of topics, and is hence difficult to portray. Generally, research topics range from financing, growth, innovation, venture creation, entrepreneurial learning, and strategy formation, up to network, alliance building and internationalisation (Ireland & Webb, 2007; Stevenson & Jarillo, 1990). However, the commonality between all these approaches is that they are all centred around the "how" question, which serves as a means for the exploration of different issues. The overall objective of these studies is to find patterns for differences and/or similarities in entrepreneurial actions and outcomes. In this regard, management researchers measure the outcome and success of entrepreneurial behaviour. Yet, there are different views about the proceeding and which



performance measures should be examined. Due to this, several different performance measure for entrepreneurial behaviour have been used, for example sales growth, return of investment and profitability (Dess & Lumpkin, 1997; Zahra & Covin, 1995) or firm survival (Gartner, Starr & Bhat, 1998). Additionally, management researchers explore firms at different life stages. Some studies focus on the start-up phase or the venture creation process (Low & MacMillan, 1988; Zahra, Sapienza & Davidsson, 2006), while others investigate entrepreneurial behaviour in established ventures (Pinchot, 1985).

### **2.1.3. Entrepreneurship as a Research Domain**

Based on the above discussion, it becomes clear that through the years the entrepreneurship literature has become to a large extent a collection of contributions by scholars from various disciplines, who see the world through different paradigms. Yet, although appearing in the literature as early as the 18<sup>th</sup> century, in research terms entrepreneurship as a field is still in the nascent stage compared to more established research domains such as corporate strategy (Kuratko, 2005; Shane & Venkataraman, 2000; Vogel, 2012). In particular, two major issues have been a constant source for debates and concerned themselves with questions regarding “what is the role of the entrepreneur in entrepreneurship research?” and “what is entrepreneurship research about?”

The first issue had for the most part been a debate within the entrepreneurial community, initiated through the articles from Gartner (1988) and Low and MacMillan (1988). All of these authors were critical towards the “psychological traits” approach as part of entrepreneurship theory, since it did not produce stable results over time and solely focused on the entrepreneur as an individual without the consideration for other influencing factors. Low and MacMillan (1988) made the point that entrepreneurship should focus on the “how” of new venture creation and its role in furthering the economic progress. In a similar vein, Gartner (1988) proposed a behavioural approach as theoretical approaches and suggested that entrepreneurship research should concentrate on the creation of new organisations and on the “what” in terms of the entrepreneurial action instead of on the “who” as the entrepreneur himself/herself. Since these seminal papers of Gartner (1988) and Low and MacMillan (1988), a strong surge in entrepreneurship research has occurred (Davidsson, Low, & Wright, 2001). The field has seen a considerable expansion in new areas, such as corporate entrepreneurship (Stopford & Baden-

Fuller, 1994), international entrepreneurship (Phillips McDougall & Oviatt, 2000) and social entrepreneurship (Mair & Martí, 2006).

Especially the area of social entrepreneurship in particular has gained more traction in recent years due to the importance of inclusivity and engagement as being part of research which promotes the tackling of grand challenges (Ferraro et al., 2015). Some of the main reasons underlying this traction are an increased awareness of the general public for more ethically and socially sourced and produced products (Nicholl & Opal, 2005), which adds pressure on companies to be more socially responsible. Moreover, market policymakers such as the government are also under social pressure to develop and implement policies to promote social inclusiveness and environmental sustainability (Friedman & Miles, 2001). Additionally, research studies show that entrepreneurs start ventures not strictly out of economic self-interest, but also launch ventures due to a concern for others – either in their community or in society at large (Fauchart & Gruber, 2011; Gruber & MacMillan, 2017).

Most definitions of social entrepreneurship refer to an ability to leverage resources that focus on social problems, though there is little agreement beyond this generalisation (Dacin et al., 2010). However, the concept of social entrepreneurship means different things to different people and researchers (Dees, 1998; Zahra et al., 2009). There have been several attempts to define social entrepreneurship in the literature (Mair & Marti, 2009; Mair & Martí, 2006), with most of such attempts focusing strongly on conceptual over empirical research (Short et al., 2009) though an actual definition of the phenomenon and a theoretical framework still prove to be challenging (Korsgaard, 2011). Among the existing definitions, the one that is most likely to help with the distinctive comprehension of social entrepreneurship should emphasise the objectives and results of the process of generating social value (Austin et al., 2006).

Social entrepreneurship has specific characteristics. It addresses the primary mission and outcomes of the social entrepreneur, which comprises the creation of social value by providing solutions to social problems (Dacin et al., 2010). By focusing on the primary mission of ventures that prioritise social value creation, researchers can examine activities through which founders and organisations achieve their specific social outcomes. Such focus will shed new insights into the social entrepreneurship context as well as the recognition to which extent these insights are characterised by different kinds of entrepreneurs and organisations (Dacin et al., 2010). The area of social entrepreneurship can be viewed as challenging due to the markets

and contexts in which it is implemented (Mair & Martí, 2006). Social entrepreneurship often emerges in contexts where markets are perceived to have failed (McMullen, 2011) or where there are significant institutional voids (Austin et al., 2006; Mair & Marti, 2009). Hence, the social entrepreneur must consider not only the risk involved with starting a new enterprise, but also the risk associated with establishing new institutions that might support such an enterprise (Dacin et al., 2010).

Yet, the fast extension of topics and the increasing contributions towards entrepreneurship research from other management areas resulted in a broad debate about the distinctive domain of entrepreneurship research, its legitimacy, and its contribution to management practice (Meyer & Neck, 2002; Venkataraman, 1997). There have been a wide array of criticisms about the missing elements in entrepreneurship research. Venkataraman (1997), for example, explicates that the main problem in relation to the absence of distinctive contributions is the question about the precise subject matter of entrepreneurship and its lack of distinctive domain clarity. The author continues to posit that the reason for this could be understood in the dearth of well-accepted definitions of the boundaries of the field. Ucbasaran and colleagues (2001) also came to the conclusion that, while individual research projects have focus, the field as a whole does not. The lack of agreed upon definitions of entrepreneurship and a limited theoretical background has been seen as a challenge for the legitimacy for the entrepreneurship domain and a limiting factor in moving the field ahead (Alvarez & Barney, 2002; Gartner, 1988; Stevenson & Jarillo, 1990; Venkataraman, 1997). Aldrich and Baker (1997) compared entrepreneurship research with management research in the years 1990 to 1995. They came to the conclusion that entrepreneurship research had only progressed slowly in relation to the development of a coherent paradigm clarifying what entrepreneurship research is about. They further outlined that compared to management studies, entrepreneurship research appears to be less elaborated in sampling frames, statistical analysis, dynamic longitudinal analysis and hypothesis development.

The debate about the domain of entrepreneurship research has led to a large number of publications about the state of the field and its future directions (Bruyat & Julien, 2001; Busenitz et al., 2014; Busenitz et al., 2003; Carlsson et al., 2013; Davidsson et al., 2001; Hitt et al., 2001; Shane & Venkataraman, 2000; Alvarez & Busenitz, 2001; Venkataraman, 1997). Several suggestions have been made toward the development of entrepreneurship research. At first, claims were made that entrepreneurial research should be more theory driven by building

on other disciplines and related management fields (Davidsson et al., 2001). Other researchers have claimed that entrepreneurship research should develop its own distinctiveness as a research domain (Gartner, 2001; Shane & Venkataraman, 2000; Venkataraman, 1997), although it stands in contrast to those that suggested a more integrative approach (Hitt et al., 2001). Additionally, several frames and key topics of entrepreneurship research have been displayed. Shane and Venkataraman (2000) propose that entrepreneurship research should intend to understand how entrepreneurial opportunities of future goods and services are discovered, evaluated and exploited. Bruyat and Julien (2001) argue that entrepreneurship research should study the dialogue between individuals and new value creations, throughout an ongoing process and within an environment that has specific characteristics. Hitt et al. (2001) instead suggest an integration of entrepreneurial and strategic thinking by looking at organisational domains such as external networks and alliances, innovation, internationalisation, resources and organisational learning. Finally, Busenitz et al. (2003) discuss that entrepreneurship research should focus on the intersections of individuals, opportunities, modes of organising, and the environment. In doing so, these authors' present four theoretical perspectives they consider as beneficial for entrepreneurship research, in specific: decision-making theory, start-up factors of production, temporal dynamics and network theory. Busenitz et al. (2014) in a later article point out that entrepreneurship research as projected in Busenitz et al. (2003) has increased at these intersections since 2003, but also mention that research solely focused on opportunities has also seen a major increase.

In conclusion, as described above, entrepreneurial research has shown a lack of consensus about what entrepreneurship entails, which resulted in several definitions, theories and framings. Entrepreneurial opportunities, among other topics, are considered as one of the core constructs in current and future entrepreneurial research. Hence, entrepreneurial opportunities and specifically opportunity evaluation as part of Shane and Venkataraman's (2000) discussion of entrepreneurship as a multi-phased process, are worthwhile to explore, in order to consequently add to the development of entrepreneurial theory and practice. These will be at the centre of discussion in the next section of this chapter.

## **2.2. The Role of Opportunities in Entrepreneurship Research**

After the brief review of the development of the domain of entrepreneurship in the previous section, this section will focus more specifically on the role of entrepreneurial opportunities. In the first part, the nature of opportunities is discussed. In a second part, entrepreneurial opportunities are outlined as a part of an entrepreneurial process, described through the theoretical and empirical contributions that relate to the evolution of opportunity research as part of the entrepreneurial process in the literature. The subsequent section will then focus on opportunity evaluation and delve deeper into the characteristics of opportunity evaluation as a part of the multi-phased entrepreneurial process.

### **2.2.1. The origins of the concept of entrepreneurial opportunities**

The field of entrepreneurship has experienced a rapid increase in scholarly research examining the role of opportunities in new venture creation. The question of the origin and development of entrepreneurial opportunities has attracted a lot of attention in the academic dialogue (Short et al., 2010). Although there is some disagreement as to the meaning, role and nature of opportunities, entrepreneurship is often defined as an opportunity-directed activity. Stevenson and Jarillo (1990, p. 23) define entrepreneurship as “a process by which individuals –either on their own or inside organisations – pursue opportunities without regard to the resources they control”. Gaglio and Dimov (2018, p. 14) posit that “the past twenty years can be marked by a gradual search for theoretical clarity, with the aims of outlining the theoretical foundations for the study of opportunities and settling its philosophical underpinnings”.

Entrepreneurship scholars have been excited and encouraged by a shared objective to understand how, by whom, and with what effects opportunities are discovered, evaluated and exploited (Alvarez & Barney, 2013; Shane & Venkataraman, 2000), and how this fits together, i.e. the individual-opportunity nexus (Shane & Eckhardt, 2003; Shane & Venkataraman, 2000; Venkataraman, 1997). In contrast, some scholars have questioned the usefulness of the individual-opportunity nexus to entrepreneurship research as its existence is unproven in the present (Dimov, 2011), with some even calling for its abandonment as a central guiding framework for entrepreneurship theory (Davidsson, 2015, 2017).

In general, the idea of opportunities dates back to Austrian economics, whereas traditional neo-classical economic theory essentially ignored entrepreneurial opportunities, or considered them

as exogenous variables according to Baumol (1968). Entrepreneurs create opportunities through innovative actions by disrupting the equilibrium of the market in the form of innovation new to the marketplace as argued by Schumpeter (1934). They discover opportunities through the exploitation of an existing market disequilibrium using idiosyncratic knowledge (Kirzner, 1945), profit motives (von Mises, 1949), or alertness (Kirzner, 1973). Casson (1982) defines opportunities as those situations, in which new goods, services raw materials and organisational methods can be introduced and sold at a greater price as their cost of production. Venkataraman (1997) builds on this implicit common thread that an entrepreneurial opportunity introduces something new in terms of future goods and services that are not currently in the marketplace. Timmons (1999) defines opportunities as attractive, durable and timely potential products or services that create or add value. Singh (2000) understands an entrepreneurial opportunity as a feasible, profit-seeking venture that provides an innovative new product or service to the market, improves an existing product/service, or imitates a profitable product/service in an undersaturated market.

While entrepreneurial opportunities are often associated with the creation of economic value, opportunities need not to be economic in nature. The field of social entrepreneurship that gained more traction in recent years is less focused on the creation of economic value than on the creation of social value, although both are not mutually exclusive (Gregorie et al., 2010; Mair & Martí, 2006; Zahra et al., 2009). Mair and Marti (2006) understand social entrepreneurship as a process to mobilise social transformation by meeting social needs, but embracing both social and economic aspects at the same time. The authors specify in this regard that the main focus is on the creation of social value, while economic sustainability is considered as a necessary condition to warrant financial viability.

However, the opportunity term is quite often used in academic publications, but rarely defined and applied in a consistent way. Davidsson (2015) even posits that the opportunity term resembles more of an elusive concept. Nevertheless, most scholars agree that an opportunity exists when competitive imperfections are present in product or factor markets (Alvarez & Barney, 2007). Thus, for opportunities to generate economic wealth, they can only exist when competition is not perfect and economic wealth is equal to the difference between the value of an economic actor's assets and the costs of those assets (Alvarez & Barney, 2007; Alvarez, Barney, & Anderson, 2013). Yet, this definition of opportunities is not specifying how these imperfections are formed or exploited and if economic wealth is actually realised. Shane and

Venkataraman (2000) as mentioned above, conceptually discussed entrepreneurship as a distinct domain and define “entrepreneurial” opportunities as “situations in which new goods, services, raw materials, and organising methods can be introduced and sold at greater than their cost of production” (Shane & Venkataraman, 2000, p. 220). This definition moved the field in the direction of a more focused research domain.

However, albeit the fact that the concept of opportunities has become a central part of entrepreneurship research (Busenitz et al., 2014; Busenitz et al., 2003), research on opportunities has seen an increased attention devoted to the concept, although still at a developmental stage as illustrated in a number of recent publications (Alvarez & Barney, 2013; Davidsson, 2015; Eckhardt & Shane, 2013; Garud & Giuliani, 2013; Ramoglou & Zyglidopoulos, 2015; Shane, 2012; Short et al., 2010; Venkataraman, Sarasvathy, Dew, & Forster, 2012; Welter & Alvarez, 2015). One reason for this is that the entrepreneurship field is expanding the focus from the individual entrepreneur to include aspects that relate to the context and conditions for entrepreneurial activity (Baker & Welter, 2018; Eckhardt & Shane, 2013; Short et al., 2010). In this regard Shepherd (2015) suggests that research should follow the lead on nascent entrepreneurship that focuses less on the single act of exploiting an opportunity but rather on the series of activities that are involved in the emergence of a new firm (Delmar & Shane, 2004; Gartner, 1985). Further theorising is therefore necessary before key advances in the understanding of opportunities and, more broadly, the early stages of the entrepreneurial process can be achieved (Davidsson, 2015). Davidsson (2015) also suggests in this regard that the many ideas previously labelled entrepreneurial opportunity should be replaced by three constructs, namely external enablers, new venture ideas, and opportunity confidence.

### **2.2.2. Opportunities as part of the Entrepreneurial Process**

As discussed under section 3.2.1., the seminal papers, which contributed towards the convergence of research within the field of entrepreneurship, were provided by Venkataraman (1997) and Shane and Venkataraman (2000). The authors outlined that entrepreneurship should study the nexus between opportunities and enterprising individuals. In doing so, they specifically refer to the entrepreneurial process as being multi-phased and consisting of three primary activities – the discovery, evaluation, and exploitation of entrepreneurial opportunities. As a result of Shane and Venkataraman’s (2000) work, entrepreneurial opportunities as part of

the entrepreneurial process have become a significant research focus in the past two decades. Figure 1 gives an overview of the entrepreneurial process in line with the equivalent academic conversations.

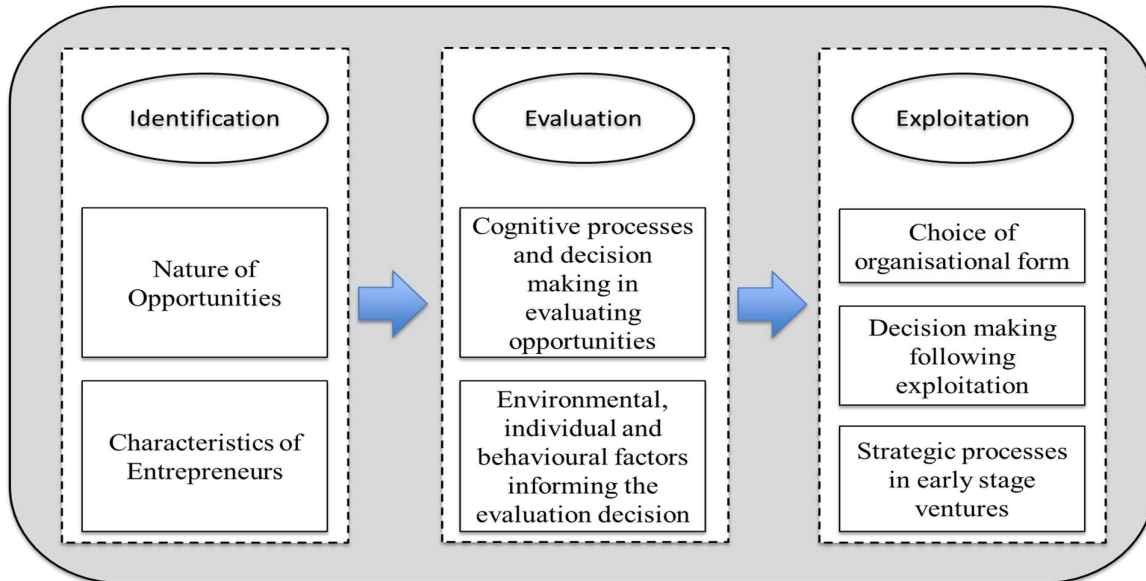


Figure 1: The entrepreneurial process (adapted from Shane and Venkataraman (2000))

### 2.2.2.1. Opportunity Identification

As mentioned above, in seeking to understand the entrepreneurial process, there has been a focus on the examination and identification of opportunities. As the entrepreneurial process (Shane & Venkataraman, 2000) focuses on the nexus between entrepreneurs and opportunities, the key issues relating to opportunity identification have been revolving around these two phenomena. The issues most central for the understanding of opportunity identification have been to isolate the nature of opportunities, and to identify the cognitive processes as part of the characteristics of the entrepreneur that are influencing the identification of opportunities (Alvarez & Barney, 2007, 2013; Fiet, 2007; Gaglio & Katz, 2001; Sarasvathy, 2001a).

#### *The nature of opportunities*

The fundamental nature of opportunities is a subject that has generated much debate in the field of entrepreneurship (Wood & McKinley, 2010), and the debate permeates both theoretical and empirical research on opportunity identification. Two main perspectives, although heavily contested, have emerged from this debate based on their ontological assumptions (Ramoglou & Zyglidopoulos, 2015). The discovery view on the one side and the creation view on the other,



which will be explained in more detail in the following. They are followed by an alternative perspective that focuses on an action framework that is not exclusive to certain ontological assumptions.

### ***Discovery view***

The discovery view has its roots in Austrian economics (Hayek, 1945; Kirzner, 1997) and is incorporated in the nexus perspective mentioned above (Shane & Venkataraman, 2000; Venkataraman, 1997). Essentially, entrepreneurship is that what happens when an enterprising individual meets a lucrative opportunity. In accordance, entrepreneurship has been defined as the discovery, evaluation and exploitation of opportunities (Eckhardt & Shane, 2013; Shane & Venkataraman, 2000). This definition makes opportunities an important issue in entrepreneurship research. Opportunities originate in the ideas generated by people about the value of resources, but this does not imply that opportunities are subjective. Regardless of their origin in subjective ideas, opportunities have objective existence (Korsgaard, 2013). As Shane and Venkataraman (2000, p. 220) denote: “although recognition of entrepreneurial opportunities is a subjective process, the opportunities themselves are objective phenomena that are not known to all parties at all times. For example, the discovery of the telephone created new opportunities for communication, whether or not people discovered those opportunities.”

The nature of entrepreneurs in the discovery process follows directly from the nature of these opportunities. Opportunities under the discovery context are considered objective and formed by exogenous shocks to a pre-existing industry or market, which are in principle observable, so that everyone who is part of that industry or market should be aware of that objective opportunity (Alvarez et al., 2013). To be able to explain why some people can exploit opportunities while others cannot, it is assumed that the discovery process entails that entrepreneurs and non-entrepreneurs differ in their abilities to notice opportunities or, once noticed, to exploit these opportunities, or both (Delmar & Shane, 2004; Kirzner, 1973). Because opportunities that are discovered exist independently of those trying to claim them, the task of those seeking to discover and exploit opportunities is to be “alert” to their existence and “claim” those that hold the greatest economic potential summarised under the concept of “entrepreneurial alertness” (Kirzner, 1973, 1997). In this regard, Shepherd and McMullen (2006, p. 13) assert, that “entrepreneurial alertness is a configural concept in which an objective market opportunity is only an opportunity for those possessing the necessary attributes”.

A more recent view distinguishes between entrepreneurship as a search and alert discovery and on how opportunities are identified through constrained, systematic search instead of a random search and effortless discovery (Fiet, 2007; Tang & Khan, 2007). Fiet (2007) posits that opportunities are discovered based on a combination of entrepreneur's prior experience and specific knowledge. Specific knowledge is used to create information channels and considerations sets. Over time, information channels are updated based on entrepreneur's socio-cognitive attributes.

The decision-making context under the discovery process assumes that actors in these settings often have the specific knowledge and information to exploit an opportunity and gauge the riskiness that comes with opportunity exploitation efforts. Because of the availability of objective information that alert entrepreneurs can gather on discovery opportunities, those who are involved in the discovery process will have a relatively clear idea of the probabilities of the possible outcomes in most of the cases. The decision-making context can be defined as risky (Korsgaard, 2013). In risky settings, entrepreneurs do not know, with certainty, the outcomes of their exploitation efforts (Alvarez et al., 2013). Entrepreneurs who have discovered an opportunity in these risky settings can use a variety of risk-based data collection and analysis techniques to support their decision-making (Miller, 2007). Risk-based data-collection tools include for example the use of customer focus groups, customer surveys, and archival data available through government agencies, trade associations, etc. Risk-based decision-making tools include discounted present value (DCF) techniques that can be used to analyse these data so that judgements can be made about whether or not to exploit an opportunity. The use of these tools assumes that entrepreneurs are able to understand their opportunity costs, which denote the value of alternative opportunities that they give up for exploiting a specific opportunity (Alvarez et al., 2013).

Since its inception, the discovery view received criticism for various reasons. Some researchers suggest that the discovery view is inadequate in explaining the empirical phenomena that they encountered in their research (e.g. Baker & Nelson, 2005; Berglund, 2007). Other researchers found that the discovery view is strongly limited in its ability to describe entrepreneurial processes in a nuanced and sufficiently complex way (Klein, 2008; Sarason, Dean, & Dillard, 2006). Alvarez and Barney (2007) write that the discovery view does not completely explain the concept of opportunity and that a general theory of entrepreneurship theory is enhanced by a complementary understanding and use of a discovery and creation view of opportunities.

Each view brings out important elements and may be more appropriate when analysing between different types of situations, for example risk versus uncertainty (Alvarez & Barney, 2005; Hmieleski & Baron, 2008).

Finally, Dimov (2007) and other authors (Ardichvili, Cardozo, & Ray, 2003; Dutta & Crossan, 2005; Korsgaard, 2013) point to a lack of focus on creativity in the discovery view and that discovery is not simply an act of perception, but a creative event which in itself constitutes a process. What happens between the initial insight and the final idea is a creative process through which the entrepreneur forms and changes the idea, and this creative process is of high importance according to these researchers. This perspective involves a strong element of development, in which other actors are important in providing information, interpretation and feedback on the idea before it becomes a full opportunity or business venture (Dimov, 2007).

### ***Creation view***

While the discovery view can be perceived as a mature perspective and has dominated research on the concept of opportunities for some time, the creation view is still emerging as a critique and alternative to the discovery view (Alvarez & Barney, 2007; Alvarez et al., 2013). Interestingly, the creation view has its roots in social constructionism, as originally noted in the book, *The Social Constructionism* from Berger and Luckmann (1967). The authors argue in this book that all knowledge is based on and maintained through human interactions, which give meaning to the world around human beings. Opportunities to generate economic wealth in this regard are socially constructed and only become meaningful for entrepreneurs once they enter the socially constructed reality that surrounds entrepreneurs lives (Alvarez et al., 2013). What Weick (1979) termed as the enactment process illustrated how the environment in which an actor acts is created by the behaviour of that actor. The actor and his actions precede his interpretations, and interpretations of those actions precede new actions and by doing this, create the context in which the actor operates (Alvarez et al., 2013).

As previously mentioned, some opportunities are not formed through exogenous shocks to pre-existing markets or industries, but by the actions of those seeking to generate economic wealth themselves endogenously. Actors get involved in activities with an understanding of the resources and abilities at hand to exploit these opportunities, and activities that are consistent with prior beliefs about the nature of the opportunities they might face (Baker & Nelson, 2005;

Sarason et al., 2006; Sarasvathy, 2001). Between the entrepreneur's initial beliefs and objective reality there will often be a misalignment. Actors have to initiate their actions in the beginning and then adjust their beliefs based on the feedback on their actions (usually from the market), and act again. Opportunities that are exploited in this regard are enacted through actions and reactions (Weick, 1979), and do not exist until they are enacted (Baker & Nelson, 2005; Sarasvathy, 2001; Weick, 1979).

An important part of the creation process is co-evolutionary and is co-enacted with others in the context. The context in which opportunities are formed and exploited as mentioned above is socially constructed and entails aspects where entrepreneurs co-enact with other actors in an co-evolutionary way to exploit an opportunity (Garud & Karnoe, 2003). Actors may have initial assumptions about the co-evolution of their actions to create an opportunity, but the understanding of the existence of opportunities will depend on the unfolding of the creation process. Opportunities in this sense only come into existence through the enactment in an iterative process of action and reaction (Berger & Luckmann, 1967; Weick, 1979).

The assumptions regarding the nature of entrepreneurs in the creation process differ from the ones in relation to the discovery process. Under the discovery view, ex ante differences between those who exploit opportunities and those who do not must exist, and are considered as a central cause for the exploitation of discovered opportunities (Kirzner, 1973). Opportunity formation under the creation view considers this not to be necessarily the case since there is no mentioning of the necessity or sufficiency of ex ante differences for the enactment process. Ex post differences between those that exploit and those who do not may be the result of the creation process itself, not the cause of their creation and exploitation (Hayward et al., 2006). The path-dependent enactment process could in this regard produce ex post differences between those who have gone through this process and those who have not, even if there were no clear differences ex ante (Alvarez et al., 2013). The enactment process, however, could reinforce certain individual attributes and negatively reinforce others. Cognitive biases that prove not to be useful in exploiting discovered opportunities could prove to be quite functional in the creation process. For example, a continued willingness to learn from failures may be very functional during the enactment of opportunities, but could be considered as ill-conceived in other contexts (Busenitz & Barney, 1997).

The decision-making context under the creation process differs from the one under the discovery process. Entrepreneurs exploiting a discovered opportunity use already existing and objective knowledge about that opportunity to generate economic wealth (Shane, 2000). The enactment process in comparison, could lead to the formation of opportunities that are to a large part not related to existing markets and industries, and therefore require the use of broad diverse knowledge from unrelated industries or the development of new fundamental knowledge (Garud & Karnoe, 2003). For example, individuals who have diverse knowledge of multiple domains are more likely to generate new knowledge combinations that steer the creation process (Taylor & Greve, 2006). The ability of entrepreneurs to interpret signals from the broader environment supports the combination of diverse knowledge with knowledge they already have that can lead to the creation of new and diverse ideas and product and service innovations (Taylor & Greve, 2006). A deep understanding of their social environment in this regard puts entrepreneurs in the situation that they are able to navigate their environment more effectively and gain diverse knowledge from multiple domains that can lead to novel creation of opportunities (Aldrich & Fiol, 1994). In this process, entrepreneurs co-enact with others in an effort to influence their social constructions until these others come to consider the opportunity in question as part of their own reality (Garud & Karnoe, 2003). Entrepreneurs that have experienced the creation process before may not be concerned with the uncertainty of outcomes, or the iterative decision-making process through experimentation (Alvarez et al., 2013). As the opportunity becomes more clearly formed and shaped, and a clear path emerges, the outcome is an accumulation of artefacts, practices, rules and knowledge that are relevant to exploiting the created opportunity (Garud & Karnoe, 2003). Opportunity costs in relation to their actions are difficult to calculate for entrepreneurs, which is why they use “acceptable losses” as a concept to evaluate the downside in connection with engaging in entrepreneurial actions (Sarasvathy, 2001a). An acceptable loss is that value, both economic and personal, that potential entrepreneurs are willing to tolerate if their actions do not lead to the formation of an opportunity (Sarasvathy, 2001a).

An alternative perspective that is important to mention is presented by McMullen and Shepherd (2006). The authors posit that the discussion of the nature of opportunities is mainly a philosophical debate about the social world and human action (Burrell & Morgan, 1979). Entrepreneurial opportunities only represent half of the nexus model. Entrepreneurial activity and value generation also depends on enterprising individuals. The authors follow a pragmatic approach by suggesting an action framework that includes economic theories of the

entrepreneur (Kirzner, 1973; Knight, 1921; Schumpeter, 1934), but that is not exclusive to their ontological assumptions. In an attempt to separate opportunities from the individual, they explore how entrepreneurs manage uncertainty and examine entrepreneurial action by conceptualising opportunities as third-person ones that prospective entrepreneurs evaluate for themselves. Based on perceived uncertainty and the motivation to bear uncertainty, entrepreneurial action is taken or not. Developed as a two-staged conceptual model, the authors outline that a third-person opportunity is characterised through its attractiveness towards the entrepreneur. It comprises of the attention stage, which focuses on the assessment of a third-person opportunity as a possibility for someone. Following the attention stage is the evaluation stage, which contains the assessment of first-person opportunity for the actor (Haynie et al., 2009; McMullen & Shepherd, 2006). Thus, first-person opportunity beliefs form as a result of the opportunity evaluation. The authors posit that the “willingness to bear the perceived uncertainty associated with an entrepreneurial act is representative of a belief-desire configuration, in which the belief of what to do is a function of knowledge and desire of why to do it is a function of motivation” (McMullen & Shepherd, 2006, p. 17). They further argue that first-person opportunity beliefs are shaped via information, experience, and deeper values through opportunity evaluation.

However, little theoretical and empirical work has examined how these elements are combined to generate first-person opportunity beliefs, and how individual differences influence the way these elements are combined during opportunity evaluation. In addition, although motivation is a necessary condition for entrepreneurial action (McMullen & Shepherd, 2006), how knowledge and motivation lead to belief formation and how individual differences influence motivation for pursuing an opportunity during opportunity evaluation has not received sufficient attention as pointed out by Wood and McKelvie (2015).

Based on the literature review thus far, it can be inferred that research on opportunity identification is fragmented. Scholars have not been able to agree upon a clear definition due to the variety of different explanations posited. According to Gaglio and Dimov (2018), the commonality between an opportunity being discovered or created, is the underlying externally imposed interpretation that the entrepreneur is dealing with a specific situation and has drawn some preliminary opinions about the (potential) meaning of the available information. Nevertheless, the conceptual distinctions between discovery view and the creation view of opportunities, and between first-person and third-person opportunities have made some inroads

in the area of entrepreneurial opportunities. The next section will proceed with the entrepreneurial process and focus on opportunity evaluation as a first-person (McMullen & Shepherd, 2006; Wood & Williams, 2014), which is also as a foundational assumption at the centre of this research study.

#### **2.2.2.2. Opportunity evaluation**

Research on the opportunity identification as part of the entrepreneurial process has been much more proliferated in the past than research on the evaluation of opportunities (Hmieleski & Baron, 2008; Shepherd & DeTienne, 2005). Entrepreneurs often face the decision to judge whether or not an opportunity is attractive enough to be pursued (McMullen & Shepherd, 2006). As Shane and Venkataraman (2000) have recognised, opportunity evaluation is an essential part of the entrepreneurial process (i.e. discovery, evaluation and exploitation), and opportunity evaluation research has emerged to a large extent from their seminal work. Dimov (2010) argues that the continuing evaluation of the feasibility of the opportunity is a key factor in the perpetuation of the founder's intention to pursue the opportunity. Shepherd et al. (2019) explicate that opportunity evaluation - the assessment of the extent to which exploiting a particular new product or service will add value for the actor and/or others - has been explored in terms of market attractiveness (Haynie et al., 2009), wealth-creating potential (Fiet, 2007), and sustainable development (Patzelt & Shepherd, 2011). Yet, the individual phases during the entrepreneurial process although inextricably linked were not fully defined. Researchers have shown that there are distinct phenomena associated with each phase (Tumasjan et al., 2013). This creates the need for greater theoretical specification and empirical exploration of the phases individually and separately from each other (Haynie et al., 2009; Keh et al., 2002; Wood & Williams, 2014). Thus further research about the distinctiveness of the opportunity evaluation phase - as part of the entrepreneurial process - in combination with research focused on understanding how individuals evaluate entrepreneurial opportunities would prove to be useful (Wood & McKelvie, 2015).

What marks the difference between the evaluation phase and the identification phase is that opportunity identification focuses on how opportunities come into existence and the role that the entrepreneurs play in identifying or enacting them as third-person opportunities (Alvarez et al., 2013; Grégoire & Shepherd, 2012; McMullen & Shepherd, 2006; Sarasvathy, 2001; Scott Shane, 2000). Opportunity evaluation on the other hand “makes it personal” (Wood et al., 2014,

p. 252) as entrepreneurs conduct a first-person assessment of the attractiveness of introducing new goods or services (Haynie et al., 2009). In a similar vein, the difference between opportunity evaluation and opportunity exploitation marks a shift from cognitions to actions.

Opportunity evaluation has been defined as “assessing the attractiveness (for me or my firm) of introducing new goods, services, or business models to one or more markets (Williams & Wood, 2015, p. 219) and has been operationalised using assessments of attractiveness or opportunity beliefs (McMullen & Shepherd, 2006). During opportunity evaluation, entrepreneurs are involved in interpretive processes, where they use their experience and knowledge to construct mental images of “what could be” as they determine the degree to which opportunity pursuit is worthwhile (McMullen, 2010). In contrast, opportunity exploitation contains the actual opportunity pursuit through entrepreneurial action as the combination of resources to develop a new product or service offering (Autio et al., 2013).

Opportunity evaluation comprises the judgement and belief of individuals in relation to the degree to which events, situations and circumstances construed as an entrepreneurial opportunity characterise a personally desirable and feasible action path (Grégoire & Shepherd, 2012; Haynie et al., 2009; Shepherd et al., 2007). As mentioned above, opportunity evaluation in this regard becomes central to entrepreneurship, since the individual’s belief about the attractiveness of pursuing an opportunity serve as a trigger for entrepreneurial action taken (or not) (Wood et al., 2014). Wood and McKelvie (2015) point out that these conceptualisations accentuate the cognitive and future-focused nature of opportunity evaluation.

In their review of the opportunity literature, Wood and McKelvie (2015) point out to three themes that emerged from past research and that are concerned with mental models, integration and congruence. The first theme deals with the idea that entrepreneurs create cognitive images to illustrate opportunities and make predictions about the attractiveness of those opportunities based on those images that are frequently called mental models (Johnson-Laird, 1983). These images can be thought of as mental models of the environment that underscore beliefs and judgements, and are not “evenly appealing” (Dimov 2010, p. 1124), or mental representations of opportunities generated as entrepreneurs make predictions about the future (Wood et al., 2017). In this regard, mental models are perceived as a cognitive structure that underlies the basis of judgement and decision-making as an individual evaluates opportunities. The mental



model conceptualisation is widely used in opportunity evaluation since scholars often refer to mental representations of ideas and circumstances of opportunity (Wood & McKelvie, 2015).

The second conceptual theme is related to the mental model idea, and called “integration” by Wood and McKelvie (*ibid*). They define integration “as a concern for understanding how entrepreneurs integrate idiosyncratic dispositions, knowledge and goals into their cognitive representations of opportunity” (Wood & McKelvie 2015, p. 263). Wood et al. (2014) point out in this regard that entrepreneurs’ impressions of circumstances as opportunity are influenced by an “individuation” process (Fiske & Pavelchack, 1986), where impressions shaped as person-specific factors are employed. If the individual perceives the impression to be relevant to current tasks, goals, or future states, then it is subjected to individuation (*ibid*). Since this process requires at least some cognitive energy (Fiske & Taylor, 2017), motivation to better understand the relationship between current states and future goals has proven to be an influential factor in individuating mental models (Fiske & Neuberg, 1990).

A third conceptual theme, “congruence”, is based on the notion that individuals are not the only ones that evaluate opportunities. Instead, various potential stakeholders are involved in the opportunity evaluation process and must also share positive evaluations of individual’s conceptualisations of the opportunity for opportunity pursuit (Wood & McKelvie, 2015). Although many potential stakeholders come to mind that could be involved in such a process, the most salient group of stakeholders based on the literature is financial investors. Wood and McKelvie (2015) call this degree of similarity or fit between the mental image that individuals and others have of the opportunity as congruence.

As discussed above, extant theory considers opportunity evaluation as a phase in the entrepreneurial process that leads into a judgement about the personal attractiveness of opportunity pursuit (Williams & Wood, 2015). The theoretical synthesis carried out by Scheaf and colleagues (2020) reviewed the extant opportunity evaluation literature to collect definitions for various judgment criteria to determine whether opportunity pursuit is personally attractive. In seeking to resolve the conceptual fragmentation within opportunity evaluation research (Williams & Wood, 2015), the authors suggest that gain estimation, loss estimation, perceived desirability, and perceived feasibility represent the four core judgement criteria that reflect the level of personal opportunity attractiveness that underlie the engagement of individuals during opportunity evaluation (McMullen & Shepherd, 2006; Shepherd et al.,

2007). This section will proceed with describing these judgement criteria as part of McMullen and Shepherd's (2006) conceptual model and the formation of first-person opportunity beliefs.

### ***The formation of first-person opportunity beliefs***

The second stage of the two-staged conceptual model from McMullen and Shepherd (2006) is comprised as the evaluation stage and results in (un)favourable first-person opportunity beliefs. First-person beliefs represent the extent to which individuals believe taking action to introduce a specific new venture idea in a specific situation is valuable for them (i.e. an opportunity for me) (Haynie et al., 2009). First-person opportunities are about the potential to act and comprise future-oriented cognitive representations of "what will be" if personal action is taken (ibid). Assuming that he or she will form a first-person opportunity belief, the entrepreneur has to overcome doubt (Shepherd et al., 2007). To decide if they should act on an entrepreneurial opportunity, individuals evaluate opportunities. Opportunity evaluation involves four different categories of judgement criteria about gain estimation, perceived feasibility, perceived desirability and loss estimation in exploiting the opportunity (Scheaf et al., 2020).

The first category, gain estimation refers to judgements that individuals make of potential gains, whether monetary or non-monetary benefits. It can also relate to aspects that directly influence the magnitude of anticipated profits, for example market newness, market size, and competitive advantage. McMullen and Shepherd (2006) argue that the anticipation of profits that results from entrepreneurial action is an important judgment criterion since it provides the basis to compare if the perceived reward compensates for coping with uncertainty. The second category, perceived feasibility, denotes the consideration of their ability and capacity to execute tasks or activities associated with turning the idea into a manifest product or service. The definition within this category includes also knowledge relatedness of individuals' to the opportunity and the general belief of individuals' in their capability to start a business. The third category, perceived desirability, reflects on the individual's assessment that the opportunity attracts their interest or excitement in enacting the tasks and activities necessary to develop the idea behind the opportunity. And the last category, loss estimation, is premised on individuals assessing potential losses associated with failed opportunity pursuit (Scheaf et al., 2020).

The focus in this research is on opportunity evaluation as a first-person evaluation and the forming of first-person beliefs (McMullen & Shepherd, 2006; Wood & Williams, 2014).

First-person opportunity beliefs stem from a person-centric evaluation of an opportunity which involves interpretation (Barreto, 2012; Dimov, 2007) and presents itself in the form of a multi-criteria structured decision problem (Hastie, 2001). Similar to third-person opportunity beliefs, first-person opportunity beliefs are formed with the use of mental images (Shepherd & Patzelt, 2017) or mental models (Wood & McKelvie, 2015; Wood et al., 2014). These images relate to the self and consist of individual's deeper knowledge and value structures (Shepherd et al., 2007). In this manner, environmental representations are held and matched against the image of self-concept (Mitchell & Shepherd, 2010). The use of images of self suggests that depending on the individual, opportunity attributes facilitate the pursuit of opportunity or not (Dimov, 2010). Mental images of opportunities allow the individual to envision a potential future where the opportunity is successfully refined and exploited (Dimov, 2007; Stevenson & Jarrillo, 1990). In this way, the mental images of self are used to determine if opportunity pursuit is worthwhile for themselves specifically. This is important since as entrepreneurs take a first-person perspective, their mental models of opportunities are "individuated" (Wood & McKelvie, 2015; Wood et al., 2014).

Entrepreneurs evaluate opportunities as more personally attractive when the opportunity attributes show an increased potential for personal financial gain. According to Mitchell and Shepherd (2010), entrepreneurs are more personally attracted to opportunities which are highly inimitable, have limited competition, and have a longer time horizon for exploitation. In contrast, individuals are less attracted to opportunities that they perceive as containing a higher threat of financial loss (Dewald & Bowen, 2010). For example, entrepreneurs are less likely to pursue an opportunity if the probability for sustained innovation and achieving an advantage over competitors is lower, and the perceived uncertainty and rate of technological change is high (McKelvie, Haynie, & Gustavsson, 2011). Since certain opportunity attributes can be perceived as more attractive between individuals, first-person opportunity beliefs are also influenced by an 'individuation' process, which claims that interpretations or impressions are shaped by person-specific factors (Wood et al., 2014).

Wood and colleagues (2014) explicate that the relatedness between the opportunity and the entrepreneur's existing knowledge, motivation to evaluate the opportunity, experience gained through prior entrepreneurial failure, and fear of failure as key individuating factors. These specific individual factors are matched with representations of the opportunity to determine the personal payoff of pursuing the opportunity. This matching process resembles the discussion

that cognitive “resources” – differences in knowledge, desires and genetics – influence how opportunities are personally evaluated (Grégoire, Corbett, & McMullen, 2011). In addition, Welp et al. (2012) argue that the influence of opportunity characteristics on the tendency to exploit opportunities is mediated by the subjective cognitive evaluations of the individual, and might be more important than objective characteristics of entrepreneurial opportunities. Shane (2003, p. 261) similarly notes that “entrepreneurs are people and may make different decisions when confronted with similar opportunities”, which implies that given the same information some individuals will be attracted to the opportunity, while others will not.

Extant research has uncovered stable and variable person-specific factors that influence first-person beliefs (Wood & McKelvie, 2015). Stable person-specific factors refer to individual factors that are less resistant to change and influence the evaluation of opportunities. These person-specific factors modify the individuation process, and lead individuals to either under- or overestimate gains, losses, and the perceived feasibility of opportunities (Lee & Venkataraman, 2006). For example, positive dispositional affects – the stable tendency to experience positive moods and emotions – intervene with the evaluation of opportunities and can distort the judgement of individuals (Baron, Hmieleski, & Henry, 2012; Hmieleski & Baron, 2009). In contrast, a dispositional tendency to avoid failure, leads individuals to form first-person opportunity beliefs in situations where the perceived rewards of pursuing an opportunity far outweigh the risks (Mitchell & Shepherd, 2010). In addition to emotional dispositions and tendencies, the individuation process has been found to be influenced by gender such that men evaluate opportunities more positively than women if male stereotypes are invoked by the opportunity (Gupta, Turban, & Pareek, 2013).

In a similar manner, less stable, variable person-specific factors can also influence the individuation process. Variable person-specific factors are state-like characteristics and often vary within a person over time (Scheaf, 2018). In accordance to stable-specific factors, variable person-specific factors can influence the formation of first-person opportunity beliefs through the individuation process. For example, positive state-like emotions like joy, enhance positive opportunity attributes because euphoric emotions invoke optimism. In contrast, negative state-like emotions like fear degrade opportunity attributes because the evaluator is making judgments in a pessimistic state (Welp et al., 2012). Human capital shapes how information is interpreted during the individuation process of first-person opportunity belief formation (Scheaf, 2018). Opportunity-related knowledge and experience reduces the negative effect of uncertainty on first-person opportunity beliefs since the individual came across similar

circumstances and is better able to forecast potential gains and losses (Kor, Mahoney, & Michael, 2007; McKelvie et al., 2011). Furthermore, possessing relevant knowledge and experience reduces the costs of entry, which makes the opportunity more personally attractive by reducing potential losses (Lee & Venkataraman, 2006; Mitchell & Shepherd, 2010). Entrepreneurial experience can also influence how individuals evaluate opportunities. Experience with prior failure (Wood et al., 2014), or with success through systematic search undergone by repeatedly successful entrepreneurs (e.g. habitual and serial founders) (Fiet, 2007), influences individual's judgement about opportunities.

The extant research on opportunity evaluation suggests that the knowledge and values of individuals influence the formation of first-person opportunity beliefs. The stronger the opportunity matches with the individual's deeper knowledge and value structures, the stronger the first-person beliefs. Since these beliefs are key drivers of entrepreneurial behaviour (McMullen & Shepherd, 2006), the understanding of *processes* and *factors* that inform opportunity beliefs is important to advance entrepreneurial behaviours and outcomes. Person-specific factors can enhance or suppress first-person beliefs. These person specific factors range from highly variable (e.g. emotional states) to highly stable (e.g. gender).

Identity and social identity as highly variable person-specific factors, and their influence on opportunity evaluation as first-person beliefs have been given little attention to theoretically and empirically. Utilising founder identity theory as discussed in chapter two could provide for new insights in the formation of first-person opportunity beliefs, and add to the understanding of how individuals evaluate entrepreneurial opportunities.

#### **2.2.2.3. Opportunity exploitation**

The final part of the entrepreneurial process based on Shane and Venkataraman (2000) is exploitation. In contrast to opportunity identification and discovery, the actual exploitation of opportunities remains an underexplored phenomenon, although a potential entrepreneur must decide to exploit the opportunity once discovered (Shane & Venkataraman, 2000). Shane and Venkataraman (2000) continue to remark that the willingness for opportunity exploitation seems to depend on the nature of the opportunity and individual characteristics of the entrepreneur as part of the individual-opportunity nexus paradigm (Shane, 2003), and can therefore be directly related to the preceding steps of opportunity identification and opportunity

evaluation in the entrepreneurial process. Moreover, opportunity evaluation is shown to be a direct antecedent of exploitation (Welppe et al., 2012)

One of the few explicit studies focusing on exploitation in the more recent years deals with entrepreneur's decisions to exploit opportunities (Choi & Shepherd, 2004). The authors posit that opportunity exploitation is a necessary step to form a successful venture in the entrepreneurial process, and represents a commitment to market entry (Choi & Shepherd, 2004). Once the opportunity has been identified and considered attractive, entrepreneurs decide to exploit the opportunity. However, opportunity exploitation involves the management of critical and complex tasks. Choi and Shepherd (2004) have used elements of the resource-based view to gain a better understanding of entrepreneur's decisions to exploit opportunities based upon perceptions of attributes of new products stemming from these opportunities and perceptions on the resources and capabilities necessary for full-scale operations. Their findings showed that it appears to be more likely of entrepreneurs to exploit opportunities if they perceive the possession of deeper knowledge of customer demand for the product, greater managerial capability, greater stakeholder support, and more advanced enabling technologies.

Another study examined what the optimal timing of opportunity exploitation is at which entrepreneurs stop assessing opportunities and begin to exploit them (Choi, Lévesque, & Shepherd, 2008). Hmieleski and Baron (2008) argue that entrepreneurs will be most successful if they consider a cognitive fit between their own self-regulatory modes and the requirements of the environment when approaching the entrepreneurial process. The authors connect individual cognitive differences of entrepreneurs with risk and uncertainty characteristics inherent in static and dynamic industry environments and relate it to the nature of opportunities. Corbett (2005) on the other hand explored how the different modes of experiential learning affect decision-making within the context of opportunity exploitation. Finally, De Carolis and Saporito (2006) examined the relationships between social capital and cognitive biases and use it as an explanation for the reason why some people exploit opportunities whereas other do not.

### **2.3. Conclusion**

Overall, in the past two decades the search for theoretical clarity, with the goal of outlining theoretical foundations for the study of opportunities and the entrepreneurial process has been met with much progress. Entrepreneurship scholars have been excited and encouraged to

understand how, by whom, and with what effects opportunities are discovered, evaluated and exploited (Alvarez & Barney, 2013; Shane & Venkataraman, 2000), and how they fit together, i.e. the individual-opportunity nexus (Shane, 2003; Shane & Venkataraman, 2000; Venkataraman, 1997). However, some scholars have provided an alternative action framework to separate opportunities from the individual (McMullen & Shepherd, 2006), others have questioned the usefulness of the individual-opportunity nexus for entrepreneurship research (Dimov, 2011), and some even called for its abandonment as a central guiding framework for entrepreneurship theory (Davidsson, 2015, 2017). The following chapter reviews the literature on identity, social identity and founder identity theory in more detail.

## **CHAPTER THREE**

### **IDENTITY THEORIES AND CONCEPTS**

#### ***Chapter Overview***

This chapter entails a discussion of the identity theories and concepts this study draws upon, which guide its research design and data analysis. I first discuss the relationship between identity, attitudes and intentions. The two main identity theories, i.e. role identity and social identity are then presented, followed by a discussion of the concept of founder identity, which marks one of the central parts of this research study. The last section of this chapter presents the aim of the study by outlining a conceptual framework and the main research question.

#### **3.1. Identity, Attitudes and Intentions – A brief overview**

Research has shown that identity has an impact on behaviour (Leitch & Harrison, 2016). However, it has also been long argued that intentions, which are derived from attitudes, are the best indicators of behaviour (Krueger, Reilly, & Carsrud, 2000). For this reason, there is a robust stream of research on entrepreneurial intentions that are using intention-based models in their analysis (Liñán & Fayolle, 2015).

Although different intention models exist, Ajzen's (1991) theory of planned behaviour (TPB) has become one of the more broadly used model in both social psychology and the entrepreneurship domains (Liñán & Fayolle, 2015; Mair & Noboa, 2006). In this regard, current studies have shifted their focus from exploring sole intentions to understand factors that impact the transition between intentions and behaviour (i.e. the intention-action gap) (Nabi, Linan, Fayolle, Krueger, & Walmsley, 2017). According to TPB, the three determinants of intentions are: a) the attitude towards the behaviour which depends on how favourable, or not, a person evaluates the behaviour, b) the subjective norm, which is the perceived social pressure to perform the behaviour, and c) the degree of perceived behavioural control, which refers to the ease or difficulty involved in performing the behaviour (Ajzen, 1991; Bandura, 1986). Hence, attitudes influence behaviour by their impact on intentions, with both attitudes and intentions being dependent on the situation and the individual (Krueger et al., 2000).



*So why do I focus in this research on identity theories instead of intention models? And, how is an individual's identity related to their attitudes and intentions?* The reasons being that identities are defined as the meanings individuals assign to themselves – ‘what it means to be who they are’ (Stryker & Burke, 2000). In this sense, Sparks and Shepherd (1992) argued that a person's sense of identity influences their behaviour independent of their attitude. The authors tested individuals' attitudes towards the consumption of organically produced vegetables, and found that identity contributed to the prediction of behavioural intentions independent of attitudes (Sparks & Shepherd, 1992). They inferred that individuals behave in ways that confirm their perceived identity regardless of their preference. Entrepreneurship studies, in a similar fashion, show that perceptions of an entrepreneurial identity as being important to one's identity, can lead to entrepreneurial behaviour (Hoang & Gimeno, 2010), and draw attention to the self-concepts of entrepreneurs in order to understand how they affect entrepreneurial motivation and shape venture creation processes and outcomes (Cardon, Wincent, Singh, & Drnovsek, 2009; Farmer, Yao, & Kung-Mcintyre, 2011, 2010; Murnieks & Mosakowski, 2007; Navis & Glynn, 2011; Shepherd & Haynie, 2009; Wry & York, 2017; York, O'Neil, & Sarasvathy, 2016).

Identity can also be seen as influencing individuals' attitudes towards behaviour, for example the perception that a certain course of action is the right one because it confirms one's identity. Hence, identity appears to be different from, while at the same time intertwined with, one's attitudes and intentions towards a specific behaviour. In this relation, entrepreneurship can be viewed as a process of identity construction with entrepreneurs being driven by their perceived identities to establish ventures (Ireland & Webb, 2007). A focus on understanding entrepreneurial identities, and specifically founder identities, in this research study builds on our understanding regarding entrepreneurs' attitudes and intentions, as well as their behaviour. Analysing founder identities can provide insights into the meanings associated with entrepreneurial behaviour, and contributes to our understanding of the entrepreneurship phenomenon. Based on this, I explicate about identity and social identity theory to provide for an appropriate part of the theoretical frame for conducting this study.

### **3.2. Identity Theories and Entrepreneurial Identities**

Identity theory refers to a cluster of theories that try to explain the human “self” and behaviour in terms of peoples' identities. Much of it originates from the classic characterisation of the “I”

and the “me” to describe the ability of the human self to become reflexively aware of itself through interactions with other people (Mead, 1934). An identity is a set of meanings that represent the understandings, feelings, and expectations that are related to the self as an occupant of a social position (Stets & Burke, 2000). Identity theories comprise three basic aspects: i) the social identity, b) the role identity, and c) the self-identity (also described as the self, self-concept or personal identity) (Brush & Gale, 2015). Two established theories of identity have been developed (Petriglieri, 2011). Identity theory (IDT) which originates from sociological social psychology (Stets & Burke, 2000; Stryker & Burke, 2000), and social identity theory (SIDT) which draws on psychological social psychology (Tajfel & Turner, 1979).

Identity theory (IDT) concerns itself with the differences in perceptions and actions that accompany a role. Stryker (1980) argues that the self is future-oriented, anticipating, and seeking validation for whom one hopes to be. Roles can be a deeply embedded part of “who I am” (i.e. one’s identity) or more situated, reflecting a set of expectations for goals and behaviour cued by a specific situation (Ashforth, 2001). Roles are social positions that carry expectations for behaviour and action (Jain, George, & Maltarich, 2009). Put simply, roles influence perceptions of how one is to behave (Stets and & Burke, 2000). Social identity theory refers to an individual’s knowledge that they belong to a certain social group or category, for example based on age, ethnicity, sex, etc., with some emotion or value being extracted from such an association (Turner, 1975). The third aspect of self-identity can be seen as an integrated system that combines one’s characteristics, values and beliefs, and which evolves over time (Brush & Gale, 2015). The set of identities making up a person’s self-identity is therefore unique (Stets & Burke, Peter, 2000).

Identities motivate behaviour (Burke & Reitzes, 1981). They can be seen as powerful motivators because they fulfil the human need for self-verification, which then contributes to a sense of efficacy. Identity verification is the ongoing process in which perceptions of self-relevant meanings in a situation are contained so that they match to the meanings held in the identity standard that defines who one is in the situation (Burke, 2004). Related to the need for self-consistency, self-verification represents the desire for individuals to preserve self-conceptions (ibid). The self-concept refers in this case to the individual’s belief about himself or herself, that include the person’s attributes and who and what the self is (Baumeister, 1999). Consistency in the self- conception over time provides an individual with a sense of coherence

and stability, which increases an individual's perceived ability to deal effectively with his or her environment (Erez & Earley, 1993; Stets and & Burke, 2000). Additionally, self-verification leads to an increased self-esteem (Erez & Earley, 1993). On the other side, a lack of self-verification could lead to feelings of confusion, inefficacy and distress (Burke, 2004).

Self-verification is achieved when an individual is able to align self-relevant feedback related to his or her actions with the standards of conduct established within an identity (Burke, 2004). Burke (1991) compares identity processes in this regard to control systems and argues that individuals continually regulate their behaviour by monitoring feedback from relevant others. Behaviour is continually altered until feedback matches the identity standard. If there is a match it results in self-verification, yet when feedback does not match the identity standard, self-verification is not achieved and varying levels of distress are experienced (Burke, 1991).

While prior studies pointed out that identity is a potentially powerful predictor of entrepreneurs' decisions and actions (Cardon et al., 2009; Dobrev & Barnett, 2005; Mathias & Williams, 2018; Mathias & Williams, 2017; Wry & York, 2017), they mainly built this assertion on role identity theory. This perspective within identity research emphasises role-related views of the self while discounting key social aspects of self-concept, such as the basic social motivations that shape the behaviours and actions of individuals when they are engaging with others (Brewer & Gardner, 1996). However, these social aspects of a founder's self-concept are likely to be of importance in entrepreneurship because firm creation is an inherently social activity, and organisations are themselves social constructions (Whetten & Mackey, 2002). For example, using a role identity lens will unlikely capture the fundamental differences between the motivations of entrepreneurs to create ventures out of economic self-interest or out of concern for others and how this motivations affect their decisions and subsequent behaviours (Alsos et al., 2016; Fauchart & Gruber, 2011; Sieger et al., 2016).

In this sense, an individual's engagement in entrepreneurial activity can be seen as being driven by the perception of their entrepreneurial identities in regards to their social and role identities. Stets and Burke (2000) argue for the combination of role and social identity theories in order to provide for a stronger integration of the concepts of the group, the role, and the self. The authors explicate that differences between the two theories are mainly due to their specific view in relation to the foundation of each identity, for example the group versus the role (Stets &

Burke, Peter, 2000). The argument receives additional support by the fact that people simultaneously occupy roles while being part of social categories, for example male student, female professor, etc., even though the salience of a certain identity would differ in relation to the given context (Brush & Gale, 2015).

### **3.2.1. Social Identity Theory**

As mentioned above, social identity theory refers to the knowledge of individuals that they belong to a certain social group or category and deals with the structure and function of identity as it relates to an individual's social relationships (Fauchart & Gruber, 2011). In the process of defining their self, individuals identify with so-called in-groups with whom they want to be associated (Tajfel and Turner, 1979). The characteristics of in-groups are typically positively distinguished from characteristics of out-groups, thereby raising the in-groups members' individually perceived self-worth (Tajfel & Turner, 1979; Turner et al., 1987). As individuals strive to act in accordance with their in-groups' identity prototype, their behaviour can be predicted by their social identity (Hogg, Terry and White., 1995; Stets and Burke, 2000).

The key to the development of an individual's identity is personal and symbolic interaction with others. Such interaction allows the individual to make social comparisons and categorisations and to learn which social groups the individual wants to be associated with based on the emotional and value significance of group membership (Tajfel & Turner, 1979). Their membership in a particular social category or group offers individuals with a frame of reference for self-evaluation and for the evaluation of others who do not belong to the group. Hence, a person's social identity constitutes as a system of social orientation and plays an instrumental role in establishing self-worth (Turner, et al., 1987).

The self-categorisation of individuals can differ in terms of their level of inclusiveness. The most restricted level of social self-categorisation is the category of self as a unique entity; that is, a person acts in terms of his individual goals and ambitions, rather than as a member of a social group (Brewer & Gardner, 1996). In contrast individuals may perceive themselves as part of the human species and so act in terms of social motivations associated with concern for impersonal others. Social identity theory also permits for making predictions about behavioural choices and human actions (Tajfel & Turner, 1979). Because a person's identity constitutes as

a cognitive frame for interpreting experience and increases sensitivity and receptivity to certain cues for behaviour, individuals are more likely to choose situations that make a highly salient identity relevant and to strive for behaviours and actions that are in line with that identity (Hogg et al., 1995; Stets & Burke, 2000).

Since the focus in this research is on how differences in key social aspects of self-concept affect opportunity evaluation, social identity theory (Tajfel & Turner, 1979), in combination with identity theory can serve as theoretical lens from which one can analyse and describe founders self-conceptions and how they affect their new firms (Hogg, Terry, & White, 1995). It also allows for a better understanding of the influence of social considerations for entrepreneurial motivations during the forming process of new ventures. To become a founder, an individual needs to take action to discover, evaluate and exploit opportunities (Shane & Venkataraman, 2000). Since entrepreneurship research often indicates that self-realisation or the ability to express oneself is an important motivation behind entrepreneurs starting new ventures and entering into entrepreneurship (Van Gelderen & Jansen, 2006), I assume that this sense of self – i.e. entrepreneurial identity – influences their behaviour in how they go about identifying, evaluating and exploiting opportunities. Identity theorists contend that the identities comprising our self-concepts can be organised according to two different hierarchies: (1) identity salience and (2) identity centrality. These two hierarchies are separate and significant predictors of behaviour (Stryker & Serpe, 1994), and will be outlined in the next section.

### **3.3. Identity Salience and Centrality**

Identities are seen to have no effect in the self-verification process until they are activated. Activation refers to the condition in which an identity is actively engaged in self-verification rather than dormant and inactive (Burke, 2003). In social identity theory, salience describes the activation of an identity and depends on the interaction between the characteristics of the perceiver (i.e. the readiness of a category to be activated) and the situation fit (i.e. the congruence between stored specifications and perceptions of the situation) (Stryker & Burke, 2000). Role identity theory, on the other side, understands salience as the probability that an identity will be activated in a specific situation, which depends on the level of commitment to the identity, for example the number of the people tied through an identity, as well as the relative strength or depth of the ties) (Stryker & Burke, 2000).

Identities are also looked at based on their hierarchical organisation. The hierarchy is based on identity salience with individuals seeking out opportunities to enact highly salient identities (Stryker & Burke, 2000). Additionally, identities are considered to vary in their degree of being conceived as central or peripheral to the self-identity (Stryker & Serpe, 1994). The concept of identity centrality requires an individual to specify which identities are considered as more or less important, while self-consciousness or self-awareness are adequate for identity salience (Stryker & Serpe, 1994). For example, an individual may be committed to their role as a bank manager but may view their role as a parent to be more central to their self-identity. However, Stryker and Serpe (1994) argue that salience and centrality could operate in an equivalent fashion if actors become aware of the salience of given identities, for example a highly salient identity then becomes a central one.

Founder role centrality in relation to entrepreneurial identities has been shown as influencing individual's decisions to become founders (Hoang & Gimeno, 2010). Other authors also argued that entrepreneurs experience greater levels of passion, which affects their self-efficacy and behaviour, if they perceive their entrepreneurial identity as important to their self-identities (Murnieks, Mosakowski, & Cardon, 2014; Yitshaki & Kropp, 2016). Identities are formed when these roles are internalised by an individual into his or her cognitive schema (Stryker & Burke, 2000). In other words, an entrepreneurial identity forms if an individual internalises the external meanings linked to the entrepreneurial role and makes those meanings self-defining. The individual starts to consider himself or herself an 'entrepreneur'. If an individual reflects about the meaning of being an 'entrepreneur', she or he references the meanings and behaviours that are connected with their entrepreneurial identity (Murnieks et al., 2014). Navis and Glynn (2011) define the entrepreneurial identity as the composition of claims around founders, organisations, and market opportunities of an entrepreneurial entity that attributes meaning to questions of "who we are" and "what we do".

When an actor has a salient entrepreneurial identity, they are motivated to engage in venture creation to validate an important self-conception (Cardon et al., 2009; Hoang & Gimeno, 2010; Murnieks & Mosakowski, 2007). Entrepreneurs may identify with a specific aspect of the venture creation process, such as inventing, founding, and developing (Cardon et al., 2009) or with the goals of their firm (Fauchart & Gruber, 2011; Lounsbury & Glynn, 2001; Navis & Glynn, 2011). The more an individual considers his/her social or role identity important, the greater the influence the identity will have on their behaviour. Understanding how founders

perceive their social identity in relation to their self and their entrepreneurial identity will allow for gaining new insights into the potential influence of social identities on the forming of new ventures.

### **3.4. Founder Identity Theory**

Extant entrepreneurial research studies that have built on identity and social identity theory have explored new theoretical perspectives for understanding entrepreneurship. They have emerged through extending and partially reconceptualising the traditional perspective of entrepreneurial behaviour that followed the logic of economic rationality and focused mostly on for-profit ventures (Gruber & MacMillan, 2017).

“Although it would be premature to point toward a unified theory of founder identity” (Powell & Baker, 2017, p. 2383), the last decade has seen an increase in the number of research creating the building blocks of founder identity theory (FIT). FIT research has drawn from social identity theory, which as mentioned under section 2.2, and focuses on the part of an individual’s self-concept which originates from his knowledge of his membership of a social group (or groups), together with the value and social significance of that membership (Tajfel & Turner, 1979). FIT has also drawn from identity theory, which concerns itself with the differences in perceptions and actions that accompany a role, and how individuals construct identities based on the roles they play and how they engage in role choice behaviour to guide their actions under varying circumstances (Stryker, 2007). Both of the primary themes emerging across founder identity research have drawn attention to the individual entrepreneur (Powell & Baker, 2017). All of the studies focused on emerging theory building through either theoretical conceptualisation (Cardon et al, 2009; Gruber, 2017) or empirical investigation (Fauchart and Gruber, 2011; Powell and Baker, 2014; Powell and Baker, 2017).

One of the main themes of FIT explores the effects of the founder’s identity or identities on the organisation (Cardon et al., 2009; Farmer et al., 2011; Fauchart & Gruber, 2011; Mathias & Williams, 2017; Powell & Baker, 2014; Wry & York, 2017). Some studies in this regard have been designed to identify a singular salient identity - either a role identity as “entrepreneur” (Murnieks & Mosakowski, 2007), “founder”, “inventor”, or developer (Cardon et al., 2009; Mathias & Williams, 2017; Murnieks et al., 2014) - or a archetypical social identity with which a founder might identify (Fauchart and Gruber, 2011).

Mathias and Williams (2014), for example, built on the notion that differences in motivations, passions, and matching identities lead to critical differences across entrepreneurs in their behaviours and actions. The authors outline that differences in passion mirror underlying role identities (i.e. inventor, founder, or developer) that induce different entrepreneurial behaviours. They suggest that rather than making decisions in line with a single identity, individuals navigate multiple identities and find evidence that role identity variations influence how entrepreneurs think and act. Hence, although not all entrepreneurs think and act in a similar manner, entrepreneurs make decisions in line with their underlying role identity.

Fauchart and Gruber (2011) developed a typology based on Brewer and Gardner (1996), which researchers have built on that explains how three distinctive types of social identities led founders to create different types of firms. They do this by drawing on social identity theory that details the primary types of individual founders' social identities namely, Darwinians, Communitarians and Missionaries in newly formed firms and hybrid forms of these three types. Specifically, they identify heterogeneity in founders' social identities by exploring variation (1) in their social motivation for starting a venture, (2) in how they evaluate themselves as founders, and (3) in their frame of reference (the relevant others) when deciding on their behaviours and actions (Sieger et al., 2016). They illustrate that founders with different social identities have systematically different conceptions about the meaning of being an entrepreneur, which show considerable influence on how they act and behave when setting up their firms (Fauchart & Gruber, 2011). The three identities encompass the spectrum of pure founder identities, reflecting their social relationships in terms of personal and symbolic interaction with others and in relation to their level of social inclusiveness. Since an individual's identity comprises a cognitive frame for interpreting experiences and behaviour options, identity provides an explanation for different entrepreneurial behaviours (Fauchart & Gruber, 2011).

Darwinians as a founder identity type focus on pursuing their private and economic self-interest. They use traditional business logics and receive self-worth by behaving and acting in a fashion that is in line with a professional "business school" approach to management. They perceive the competition as their predominant frame of reference in the social space (Gruber & MacMillan, 2017). Communitarians instead want to support and be supported by their social community. They follow a community logic that contains common (shared) norms, beliefs, and



trust and receive self-worth predominantly through the development of products/services that support the advancement of their social community. They regard the community as their primary frame of reference in the social space (Gruber & MacMillan, 2017). Missionaries on the other hand intend to advance a cause or social mission. They feel a sense of responsibility for the world and society and receive self-worth by behaving and acting in a manner that is in line with pursuing their political vision and support a better world. For Missionaries, society at large represent their primary frame of reference in the social space (Gruber & MacMillan, 2017).

Interestingly researchers have started to use Fauchart and Gruber's founder identity typology to connect it with other relevant concepts in entrepreneurial behaviour at the individual and firm-level. Alsos et al. (2016) built on the typology from Fauchart and Gruber (2011) to examine how the social identity of an entrepreneur influences his/her behaviour when engaged in new venture formation. They developed three hypotheses to illustrate the relationship between entrepreneurial identity and entrepreneurial behaviour based on theories between effectual and causal decision-making (Sarasvathy, 2001) and related behaviours (Fisher, 2012). These theories suggest that individuals may follow different logics when undertaking entrepreneurial processes and establishing new ventures. The authors come to the conclusion that the social identity of the entrepreneur is an important basis for selecting an approach to entrepreneurial action (Alsos et al., 2016).

A different study (Brändle et al., 2018) explored the relationship between perceived entrepreneurial self-efficacy and the social identity of nascent founders based on Fauchart and Gruber's typology (2011) to examine if different social identities of nascent founders lead to differences in their entrepreneurial self-efficacy. Brändle and colleagues show that nascent founders who identify with a self-interested understanding of entrepreneurship feel more capable in applying entrepreneurial skills than the other founder identity types. On the other hand, entrepreneurs who identify with the mission to change the world and focus on society at large are not likely to experience higher levels of entrepreneurial self-efficacy (Brändle et al., 2018). A similar study about founders' social identity and entrepreneurial self-efficacy amongst nascent entrepreneurs (Hand, Iskandarova, & Blackburn, 2020) concluded that social identities should not be considered in isolation from other variables (e.g. entrepreneurial activity, learning, perceived controllability), but in combination with these to influence entrepreneurial self-efficacy. In another study, Brändle and colleagues (2019) questioned

whether differences in founders' social identities affect the entrepreneurial orientation of their ventures. By using the entrepreneurial orientation framework (Covin & Lumpkin, 2011), they show that founders with a Darwinian social identity focus mainly on ventures with an economic self-interest, Communitarians are oriented toward innovative ventures, and Missionaries appear to be more tolerant towards the creation of risk oriented firms. They infer from that study that differences in firm's orientation toward risk taking, innovativeness and proactiveness could derive from founder's social identity (Brändle et al., 2019).

However, how distinct founder identities relate to entrepreneurial opportunities based on their social identities and their level of inclusiveness hasn't been investigated until today. The nexus between opportunity and founder is critical to understand entrepreneurship (Shane & Venkataraman, 2000; Venkataraman, 1997), which at the core succumbs to the premise that people are different and differences matter as shown through the concept of founder identity. Exploring the influence of founder's social identities on entrepreneurial opportunities and in specific on opportunity evaluation as part of Shane and Venkataraman's (2000) seminal discussion of entrepreneurship as a multi-phased process, could prove in this regard to be valuable and add to the emerging body of founder identity theory.

In contrast to Fauchart and Gruber's founder identity typology (2011), other studies have argued or observed that multiple identities, rather than a singular founder identity, are likely to be salient to individuals in the way they engage with their ventures (Cardon et al., 2009; Hoang & Gimeno, 2010; Shepherd & Haynie, 2009). Cardon et al. (2009) for example used in this regard identity theory to propose a conceptual framework that theorises the mechanisms that organise the influence of role identity specific passion on individual entrepreneurs' cognitions and behaviours in the search of entrepreneurial effectiveness. Powell and Baker (2014) observed that both assumptions were true (founders with a single identity or founders with multiple identities), and that founders run their firms due to a combination of social and role-based identities. Founders' social identity as a member of particular social groups or categories, such as "environmentalists", and their expectations about how people with such a social identity act, influenced them to shape their behaviours accordingly. Founders were then using their firms as means to construct new roles, such as "green activist", which conveyed their social identities (Powell and Baker, 2014). Role identity dynamics – and specifically the wish to achieve positive reflected appraisals from others in relation to their role performance – then strengthened the new role identities, as founders interacted with member of their network both

within and outside their firms, or tried to establish new ties with others based on their new roles (Powell and Baker, 2014). The authors subsequently explored how the patterning of identity structures in multi-founder nascent ventures form early structuring processes and their influences on the creation of a collective identity prototype (Powell & Baker, 2017).

### **3.5. Conclusion**

This chapter presented a discussion about identity theories and explained how they influence entrepreneurial behaviour and attitudes. When combined with identity theory, the emerging body of work in relation to founder identity indicates that an identity and social identity lens can be central in improving our understanding of founders' heterogeneous behaviours and actions in new firm creation and development. Hence, this study intends to examine how founder identity theory and the social founder identity typology (Missionary, Darwinian and Communitarian identities) specifically influence the manner in which founders evaluate opportunities. This endeavour contributes to the founder identity literature by analysing differences of distinct founder types during the forming of new ventures. It further examines the role of opportunities as one of the core constructs in entrepreneurship research by shedding light on individual differences during the entrepreneurial process. Opportunity evaluation as part of a multi-phased entrepreneurial process (i.e. recognition, evaluation and exploitation) has emerged as an area of research, in which scholars try to comprehend how individuals uncover the personal attractiveness of opportunities. In the next section, I will present the conceptual framework that guides this research.

### **3.6. Conceptual frame**

As Wood and McKelvie (2015) posit based on their review, there is tremendous opportunity to study overlooked variables that seem intuitively salient within the context of opportunity evaluation and have the potential to span from mental images, integration and congruence. In addition, Welp et al. (2012) argue that subjective evaluative processes during opportunity evaluation are of special interest for entrepreneurship scholars since they facilitate opportunity exploitation.

According to Shepherd and McMullen (2006), motivation is a necessary condition for entrepreneurial action. Wood and McKelvie (2015) in their study point out that motivation to evaluate or pursue an opportunity is one area that has received scant attention. The authors note that this is surprising, given that motivation is a recurring theme in the entrepreneurship

literature, especially connected to starting a new venture and the persistence of activities towards entrepreneurial goals (cf. Shane et al., 2003). Wood and McKelvie (2015) in this regard come to the conclusion that this logic has not been sufficiently integrated into opportunity evaluation research.

While there are probably many person-specific variables that could be valuable to research, founder identity theory could provide for new insights of how person-specific factors can influence the formation of first-person opportunity beliefs, and add to the understanding of how individuals evaluate entrepreneurial opportunities. Since Mathias and Williams (2017) used identity theory to explore how different roles of entrepreneurs' are invoked by certain opportunities and thus influence their cognition with regard to opportunity consideration and selection, Fauchart and Gruber's social founder identity typology (2011) based on Brewer and Gardner (1996) could prove to be specifically relevant since the typology explicitly considers different motivations as part of their founder identity types. Brewer and Gardner (1996) argued that founders' conceptions of their social selves, as manifested in their *social motivations*, bases of self-evaluation, and views of relevant reference groups, are arguably central to their decision making and their behaviour and actions relative to others. Additionally, Fauchart and Gruber's social founder identity typology (2011) is empirically applicable (Sieger et al., 2016) in contrast to other studies (Cardon et al., 2009; Mathias & Williams, 2017), and the operationalization of their typology can offer an especially promising point of departure for research on entrepreneurial behavior as shown by recent studies that have adopted this typology (e.g., Alsos et al., 2016; Gruber and MacMillan, 2017; Powell and Baker, 2017; Sieger et al., 2016).

Considering this context, the research objective of the study is to explore the potential influence of variations of founder identities on opportunity evaluation and first-person opportunity beliefs. Building upon the discussion of the literature on founder identity in chapter two and entrepreneurial opportunities in this chapter, a conceptual frame is proposed to guide the data collection and data analysis process. The framework represents the relationship between the founder identity typology based on Fauchart and Gruber (2011) and the judgement criteria during the opportunity evaluation process based on Scheaf et al. (2020). Three decision scenarios were designed to reflect realistic opportunities to see which judgement criteria (potential) founders use when evaluating entrepreneurial opportunities. The framework is presented in Figure 2 below.

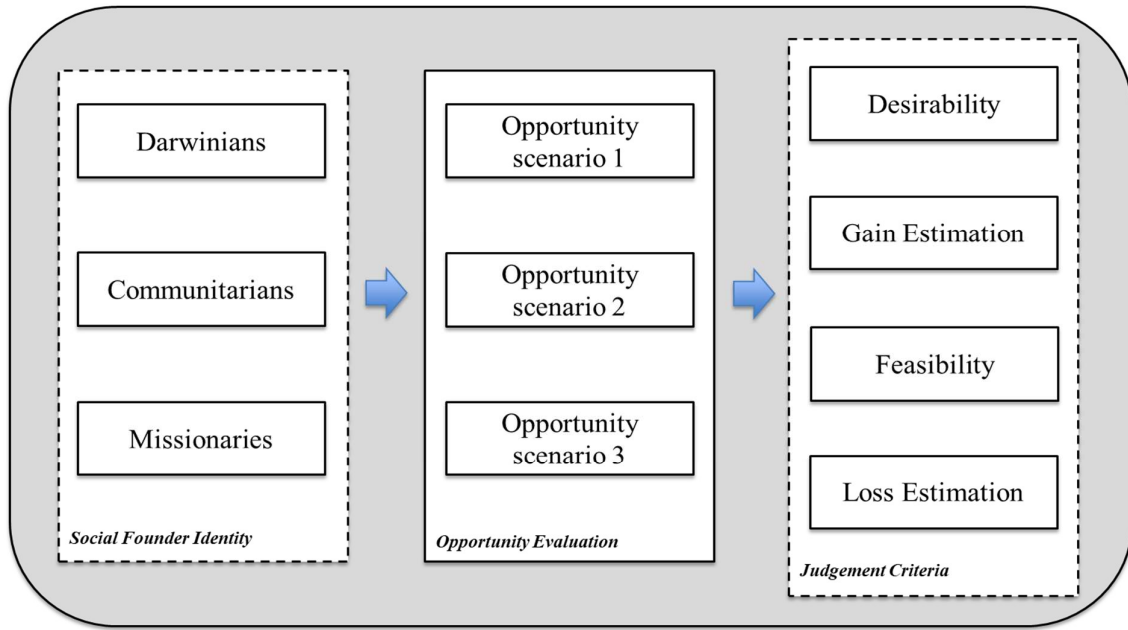


Figure 2: Conceptual framework of the influence of founder identity on opportunity evaluation

The main research question that guides this research study is as follows:

**RQ:** *How does founder identity influence the evaluation of entrepreneurial opportunities?*

The objective of this study is to examine potential similarities and differences between founders with distinct social identities and how this relates to entrepreneurial behaviour during the forming of a new venture. The focus is on the understanding of how the founder identity types show discrepancies and similarities by emphasising the use of certain judgement criteria and their combination during the opportunity evaluation process. Specifically, I look at (1) founders' social motivation for starting a venture, (2) the way in which they evaluate themselves, and (3) their frame of reference (the relevant others). Taking into account the research question, conceptually important gaps in prior work, and the intended theoretical contributions (i.e., theory development rather than theory testing), I selected a mixed-methods research design, because it exhibits good “methodological fit” with the current state of the literature (Edmondson & McManus, 2007). The following chapter will describe the research design in more detail

# CHAPTER FOUR

## RESEARCH METHODOLOGY

### *Chapter Overview*

This research explores the influence of founder identity (FI) on the evaluation of entrepreneurial opportunities. This chapter describes the mixed-method research methodology that was used to address the research question. It starts by giving an overview of my philosophical stance, then continues to discuss the use of mixed-methods in the research design of the study. The chapter also explains the methodological choices associated with the sample, research design, and proposed data analysis used to address the research question. The chapter concludes with a section on the ethical considerations of the study.

### **4.1. Philosophical foundation**

A paradigm or worldview (Creswell & Plano Clark, 2018) will commonly guide the choice of methodology for the research study. Johnson and Onwuegbuzie (2004) defined a paradigm as comprising the ontological, epistemological, axiological, aesthetic and methodological beliefs of a researcher. In referring to his earlier work, Morgan (2014) provided an alternative definition of a paradigm in which a paradigm relates to beliefs that are common in a research community in regard to what questions are considered most meaningful and what methods are appropriate to answer them. The issue of a paradigm for mixed-methods research as a research method that combines both quantitative and qualitative research data collection, and analysis, is still being debated and discussed by methodologists, in contrast to relative established paradigms in social science literature for quantitative and qualitative research methods.

The postpositive paradigm is the philosophical stance most commonly attributed to quantitative research in the social sciences (Teddle & Tashakkori, 2009). Postpositivism, as opposed to positivism, does not favour an exact cause and effect, instead recognising that probability is a part of cause and effect, and may or may not occur (Creswell & Plano Clark, 2018). Nevertheless, this philosophy, which also points towards the quantitative vision of science (Teddle & Tashakkori, 2009), contains empirical observation, measurement and theory testing, and reductionism (Creswell & Plano Clark, 2018). These views support the ontological notion of a singular reality, making the case to believe that social observations should be treated as entities similarly to the way physical scientists treat physical phenomena (Johnson &

Onwuegbuzie, 2004). Epistemologically, in this regard, data should be collected through the researcher in an objective fashion and with both distance and impartiality (Creswell & Plano Clark, 2018).

Nonetheless, to understand human behaviour, a combination of empiricism and interpretation is required (Bazeley, 2012). Teddlie and Tashakkori (2009) argue that constructivism has emerged as the most popular of several paradigms that have tried to address some of the limitations that are inherent to the postpositivist approach. The constructivist's ontological stance is that multiple realities exist, and that the researcher holds an integral role in the data collection process. Multiple participant meanings, social constructivism, and theory generation are commonly attributed to constructivism (Creswell & Plano Clark, 2018).

The question then arises from the discussion above if a researcher can assume a postpositivist and constructivist approach to his research design at the same time? Purists of both quantitative and qualitative research have been involved in a paradigm war for many years, believing that quantitative and qualitative research paradigms and their respective methods are incompatible and should not be combined (Johnson & Onwuegbuzie, 2004). As a result of this continuing debate, various perspectives have been adopted by scholars to epistemologically position their mixed-methods research. Examples of these perspectives are the "a-paradigmatic stance" where the epistemology-methods link is unnecessary; the "complementary strengths thesis" which argues that mixed-methods research is possible if a separation between quantitative and qualitative methods is kept; and the "single paradigm thesis", where scholars have identified a paradigm, like pragmatism or the transformative perspective (Teddlie & Tashakkori, 2009). Bryman (2016) has simplified this debate by suggesting two different ways of approaching this conundrum. The first view has been categorised as the epistemological version, which perceives quantitative and qualitative research as being embedded in epistemological and ontological principles, thereby considering the mixing of these methods as untenable due to the incompatibility of the two paradigms. The second view is a technical version that focuses more on the strengths of the data-collection and data-analysis techniques related to quantitative and qualitative research respectively, and considers it possible to reconcile these research methods. Although this approach recognises that both, quantitative and qualitative research have their own respective epistemological and ontological assumptions, it does not perceive them as inflexible and predetermined (Bryman, 2016).

In this regard, this perspective views quantitative and qualitative research as reconcilable, and provides a transition towards the worldview that informs the methodology of this research that is based on pragmatism.

#### **4.1.1. Pragmatism as a paradigm**

Based on the work of historical philosophers such as John Dewey (Creswell & Plano Clark, 2018), pragmatism has been considered as the most appropriate paradigm or worldview by mixed-methods scholars (Creswell & Plano Clark, 2018; Teddlie & Tashakkori, 2009). Tashakkori and Teddlie (2003) formally suggested that pragmatism as a paradigm is suitable with mixed-methods and advocated the following perspective:

- Quantitative and qualitative research methods can be used in a single study;
- The priority lies on the research question in regards to other considerations (i.e. the method or philosophical position is of less importance);
- There is no necessity to choose exclusively between postpositivism and constructivism; and
- Methodological choices should be led by practical considerations and an applied research philosophy (Creswell & Plano Clark, 2018).

The ontology of pragmatism is based on the belief that both single and multiple realities exist (Creswell & Plano Clark, 2018), and that the researcher through the practical nature of data collection differentiates the epistemology. The axiology contains both biased and unbiased points of view. From a methodological angle, both quantitative and qualitative data is collected and mixed to inform the problem(s) under study (Creswell & Plano Clark, 2018).

#### **4.1.2. Pragmatism and mixed-methods research design**

This research uses pragmatism as its paradigm, as this paradigm has been proposed as an adequate approach to mixed-methods research in literature as it gives less influence to philosophical assumptions (Teddlie & Tashakkori, 2009). Although this paradigm allows for the belief in multiple perspectives of reality, it simultaneously recognises that patterns and trends for a target population can exist. The research design starts with a predominantly postpositivist perspective, as this is aligned with the quantitative data collection method of the study, then adopts a constructivist paradigm, which is most suitable with the qualitative data collection method of the study. It should be noted that within the pragmatist paradigm, the



context of the research study plays an important part. Since any step taken to produce knowledge occurs within a social context (Morgan, 2014), this research was conducted during a very specific period in the participants' lives. Using the mixed-methods approach gave room for an appreciation of the importance that context played in the lives of the individuals under investigation and allowed for a deeper understanding regarding the results of the research. The qualitative part of the study provided more insights into the feelings and lived experiences of the individuals under study and enriched the outcomes of the quantitative method to contribute to the findings of the research study in a substantial way. It is for these reasons that mixed-methods research has gained more acceptance in the past 15 years to become more frequently used as the research design for social science studies (Bryman, 2016; Creswell & Plano Clark, 2018)

The mixed-methods approach undertaken in this research study followed two distinct and consecutive stages. The first stage was the quantitative stage, which comprised of surveys. The second stage comprised of a qualitative inquiry, via interviews, to gain deeper insights and explanations for the quantitative findings. Using this approach allowed for a research design that best suited the research question of this research. This will be explained in more detail in the next section.

#### **4.1.3. Suitability of using mixed-methods**

There are several specific reasons for using a mixed-methods research approach. Creswell & Plano Clark (2018) suggest that a mixed-methods research design is appropriate for researchers who try to explain differences between different groups or types of individuals that were identified through a quantitative assessment. Bryman (2016) calls this “completeness” and “explanation”. Under completeness he understands that the researcher can arrive at a more comprehensive analysis of the research phenomenon, if a combination of quantitative and qualitative research is used. Explanation, as mentioned above means that one of the two research methods can build on the results generated by the other. Alternatively, the design approach in this research study can be considered as “complementarity”, where findings from one dominant method are enhanced or elaborated through findings from another method (Greene & Caracelli, 1997).

However, in addition to the paradigm debate discussed in the sections before, there are practical challenges in making use of a mixed-methods research design. Mixed-methods designs

generally need a longer time to conduct, and resource constraints can occur in collecting both quantitative and qualitative types of data (Ivankova, Creswell, & Stick, 2006). When I planned this research, the resources and additional time required for implementing the mixed-methods research design were considered and balanced with the benefits that the use of a mixed-methods design would bring to achieve the research goal of the study.

#### **4.1.4. Research question and mixed-methods purpose statement**

The research study's overarching research question is:

##### **How does founder identity influence the evaluation of entrepreneurial opportunities?**

The mixed-methods purpose statement expresses how this question would be answered. While purpose statements are essential in all research projects, the need for clarity is even more necessary in a mixed-methods study, because it contains both quantitative and qualitative purpose statements. In line with the guidelines from Creswell and Plano Clark (2018), the purpose statement of this research is articulated as follows:

The intent of this research study is to investigate the influence of distinct founder identities on the evaluation of entrepreneurial opportunities. Whereas prior research explored the influence of different founder identities on initial strategic decisions in already founded ventures, this research study focuses on the nascent stage, where the founders are formulating intentions of founding a new venture. The proposed method for this research study will be an explanatory sequential mixed-methods research approach. This involves collecting quantitative data first to be able to form groups and is followed by qualitative data derived from decision scenarios using verbal protocols. In the quantitative phase of the study, data from an online survey will be collected from master students and founders connected to the business school at a selected South African higher education institution. This data will be employed to form groups based on an established typology from the literature. The qualitative phase will be conducted with a subset of the survey respondents and is designed to explain and extend the knowledge about the formed groups during opportunity evaluation to enhance

the influence of person-specific factors on entrepreneurial behaviour and enrich the founder identity typology with new insights.

#### **4.1.5. Explanatory sequential mixed-methods research design**

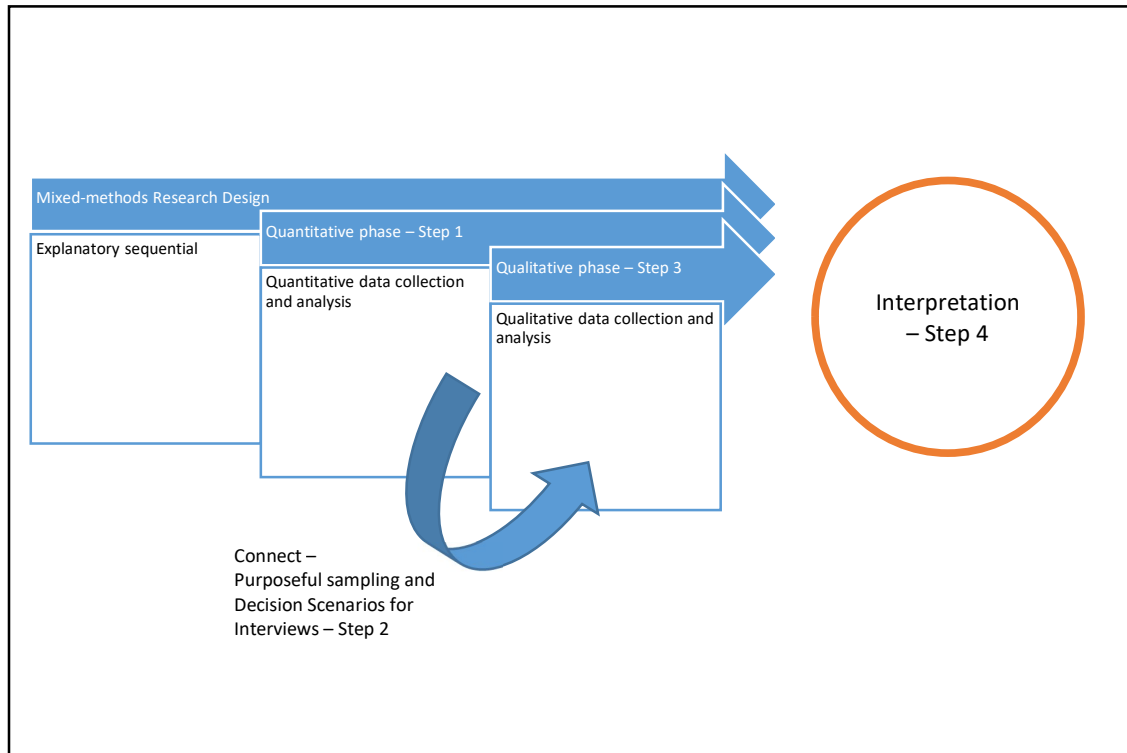
As described in the mixed-methods purpose statement above, the research design adopted to answer to the research question in this research study was an “explanatory sequential mixed-methods design”, also referred to as the “sequential explanatory mixed-methods design (Ivankova et al., 2006 p.3).

There are several decisions that have to be considered when using an explanatory sequential mixed-methods study and that guide the data collection and data analysis of this research as described in the next sections. (Ivankova et al., 2006):

- **Priority or** emphasis on the data collection and data analysis of each of both parts
- **Sequencing** of the data collection and the data analysis
- **Connection between** the quantitative and qualitative parts
- **Integration** of the results from the quantitative and qualitative parts.

As is typical in an explanatory sequential design, the first part of the research study starts with the quantitative data collection, followed by analysing the data through quantitative data analysis. In this research, the quantitative part as the first part receives less emphasis in addressing the purpose of the research compared to the qualitative part that follows. The shorthand notation for this case follows *quan* → *Qual* (Creswell & Plano Clark, 2018). The lowercase font indicates that the quantitative part has lower priority, and the uppercase font that the qualitative part the higher priority. The notation indicates also that the quantitative methods part occurs first and informs the following qualitative method where the main contribution towards the answering of the research question lies (Creswell & Plano Clark, 2018).

There are five steps involved in the design of this research study, as illustrated in Figure 3 below:



*Figure 3: Steps in the Explanatory Sequential Mixed-methods Design*

In Stage 1, data was gathered using a survey based on 15-item scale which measured the social identities of founders (Sieger et al., 2016). The survey was used to identify the distinct founder identities and to form groups. A detailed description of the data collection process is provided in the next section. The results of the survey serve to inform the follow-up qualitative part at stage 3, which is in line with the mechanics of the explanatory sequential design.

As Figure 3 shows, the data collection and data analysis corresponding to the quantitative part represents Step 1. The second step can be referred to as “connecting”. Which is “the point of interface of mixing” (Creswell & Plano Clark, 2018, p. 83). The results of Step 1 & 2 are used to inform the follow up qualitative part at Step 3. In this research, it involves the development of the decision scenarios. The sample for the qualitative part was purposively selected based on the results of the quantitative part from stage 1 that allowed for the forming of groups

(identifying distinct founder identities) that were required for the qualitative part in Step 3. The details of this “connecting” part as Step 2 is discussed in the section entitled “qualitative data collection” below.

In the third step, the qualitative data was collected and analysed, and finally, in Step 4, the research question was explored to ascertain to what extent, and in what ways (i.e. whether and how), the qualitative findings added insights to the quantitative results. The fourth and final step therefore provided for an integration of the entire research findings.

#### **4.1.6. Validity in mixed-methods research**

Validity criteria and terminology differs for quantitative and qualitative research. Where the former considers issues such as reliability, replication, internal and external validity, the latter is concerned with those of trustworthiness, credibility, dependability, transferability and confirmability. Johnson and Onwuegbuzie (2004) proposed the term “legitimation” to provide a term that would describe validity in mixed-methods research. This answered Teddlie and Tashakkori’s call for a “bilingual nomenclature (2003, p. 12) that would be acceptable to both quantitative and qualitative researchers. These authors suggested a typology that developed validity checks for design, data analysis, and interpretation. In sequential mixed-methods, for example, sequential legitimation can be expressed as “the extent to which one has minimised the potential problem wherein the meta-inferences could be affected by reversing the sequence of the quantitative and qualitative phases” (Onwuegbuzie & Johnson, 2006). Meta-inferences are defined as those interpretations or conclusions that are drawn across the quantitative and qualitative parts (Creswell & Plano Clark, 2018).

The main reason for using a mixed-methods approach is to obtain a deeper understanding of the phenomenon being studied (Teddlie & Tashakkori, 2009). The authors made the point that mixed-methods are considered “a vehicle for improving the quality of inferences” (p. 300) that are drawn from both quantitative and qualitative methods and developed “an integrative framework for inference quality” to advance “design quality and interpretive rigor” (p. 301). Teddlie and Tashakkori (2009) provide for criteria to evaluate design quality (e.g. “design suitability”), and interpretive rigor (e.g. “interpretive consistency”), along with measures or audit questions that can be used as assessment tools. Creswell and Plano Clark (2018) built on the work by previous authors and suggested a set of recommendations or strategies that mixed-

methods researchers should consider at all three stages of research, i.e. data collection, data analysis, and interpretation. They also outlined these stages for specific types of mixed-method designs. Potential validity threats implicit in the explanatory sequential mixed-methods design are especially part of the “connecting” phase. Based on Creswell and Plano Clark (2018), the following steps were undertaken to ensure validity:

- **Data Collection Validity:** Firstly, the individuals that participated in the qualitative follow-up phase of the research were a subset of individuals who participated in the quantitative data collection, since the qualitative data is supposed to provide more detail about the quantitative results. The important consideration was to collect enough qualitative information such that meaningful themes could be developed. Secondly, selected participants were representatives of their respective groups (typology), and they were suitable for the follow-up qualitative part of the study which allowed me to understand how these groups (typologies) differ across their opportunity evaluation process.
- **Data Analysis Validity and Reliability:** To reduce the danger of choosing weak quantitative results, the quantitative validity and reliability was ensured by using an empirically validated scale (Sieger et al., 2016). This scale was further validated in the context of South Africa (section 4.2.5.). The validity pertaining to the qualitative method was ensured by examining the extent to which the collected qualitative data was credible, transferable, dependable, and confirmable (Guba & Lincoln, 1982), and by asking colleagues to examine the data. This was done by seeking intercoder agreements which surfaced alignments and misalignments of applied codes and themes across the sample (Gioia, Corley, & Hamilton, 2013).
- **Interpretation Validity:** For an explanatory sequential design, the interpretation of the mixed-methods results should indicate how the qualitative results provide a deeper understanding and further explanation of the statistical findings from the quantitative part. By using themes and codes in relation to other constructs, additional insights and nuances about the quantitative base were sought to be found. Examples for the data analysis and the coding can be found in section 4.6.1.

#### **4.1.7. Visual model of explanatory sequential mixed-methods design**

As can be seen from what has been presented so far, there are several parts and steps in the explanatory sequential mixed-methods design. To illustrate these parts and steps, Ivankova et al. (2006, p.9) have developed “an efficient way to represent all the nuances of the study design”. The use of the visual model, in addition to being used for their own conceptual purposes, could assist readers and viewers in having an improved comprehension of what the research contains. In this regard, Ivankova et al.’s (2006) model was adapted for this research.

Table 2 presents a visual model that delineates the description and the sequence of the phases, procedures and products.

Table 2: Visual Model: Explanatory Sequential Mixed-methods Design (adapted: Ivankova et al.(2006)

	Phase	Procedure	Product
Phase 1	Quantitative Data Collection	<ul style="list-style-type: none"> <li>Cross-sectional online survey (448 participants)</li> </ul>	<ul style="list-style-type: none"> <li>Numeric data</li> <li>Text data (closed-ended questions)</li> </ul>
	Quantitative Data Analysis	<ul style="list-style-type: none"> <li>Data screening (SPSS)</li> <li>CFA</li> </ul>	<ul style="list-style-type: none"> <li>Factor loadings</li> <li>Internal Consistency and Reliability</li> </ul>
	Connecting quantitative and Qualitative	<ul style="list-style-type: none"> <li>Purposively selecting 34 participants based on FI types</li> <li>Developing the decision scenarios</li> </ul>	<ul style="list-style-type: none"> <li>Individual cases (<math>n=34</math>)</li> <li>Interview protocol</li> </ul>
Phase 2	Qualitative Data Collection	<ul style="list-style-type: none"> <li>Individual face-to-face interviews with 34 participants</li> </ul>	<ul style="list-style-type: none"> <li>Text data (transcripts, notes and summaries)</li> </ul>
	Qualitative Data Analysis	<ul style="list-style-type: none"> <li>Coding and template analysis (NVivo)</li> <li>Inductive coding of 1st order codes, 2nd order themes and use of theoretical aggregated dimensions from opportunity evaluation literature</li> </ul>	<ul style="list-style-type: none"> <li>Different FI type templates for Opportunity Evaluation</li> </ul>
	Integration of the quantitative and the Qualitative results	<ul style="list-style-type: none"> <li>Interpretation and explanation</li> </ul>	<ul style="list-style-type: none"> <li>Data Displays</li> <li>Discussion</li> <li>Recommendations</li> </ul>



## **4.2. Phase One: Data collection**

Phase One data was collected via a self-completion online survey. The survey was used to measure the social identities of founders (Sieger et al., 2016). This section discusses the quantitative research design; the sampling methodology; the measures used; details about the survey instrument, including the pros and cons of using the online channel to facilitate the survey; the pilot study; and finally, the survey response rates.

### **4.2.1. Quantitative research design**

The quantitative research took the form of a cross-sectional, multivariate statistical procedure by using a confirmatory factor analysis (CFA) to test how well the measured variables represent or relate to the number of constructs (Bhattacharjee, 2012). A cross-sectional design involves the collection of data on multiple cases at a single point in time in order to gather quantifiable data comprising at least two variables that are tested for “patterns of association” (Bryman, 2006). The Confirmatory factor analysis is used to confirm or reject the measurement theory based on the sample used in this research study. The measurement theory was based on the development and validation of a scale for measuring founder social identities by Sieger et al. (2016). These authors used an exploratory factor analysis for assessing the convergent and discriminant validity of a multi-item measurement scale (Bhattacharjee, 2012). Their scale development benefitted from the availability of a rigorous qualitative study that had drawn on social identity theory to systematically assess, investigate and describe the salient social identities of founders (Fauchart & Gruber, 2011).

### **4.2.2. Sampling**

This research was conducted at the “micro level” where the unit of analysis is the individual. The target population comprised of students enrolled in various programs at an internationally accredited business school in Cape Town, South Africa. The sample also consisted of founders that were part of the School’s incubation program run by its Solution Space. The selected institution offered logistical benefits, particularly in terms of the qualitative research that was scheduled to follow the online survey.

The sampling frame was 448 students, comprising students of the Master of business administration (MBA) program, the Master of commerce in development finance (MCom), the Master of Philosophy specialising in Inclusive Innovation (MPhil), the Postgraduate Diploma

in Management Practice (PGDip), and former participants of the incubation program at the Solution Space. Access to the database of the participants was strictly channelled through the program convenors of the different programs. The program convenors also distributed the email with the covering letter and the accompanying survey link to the participants on behalf of me. The participants of the survey were randomly selected and no specific demographic questions were asked in the survey. The random sampling techniques used was to make sure that the researcher obtains diversity across programmes and across participant's backgrounds for a better representation of the general population (Bhattacharjee, 2012).

#### **4.2.3. Measuring instruments**

This section provides details about the measures that were used to represent the typology of founders' social identities (labelled *Darwinian*, *Communitarian*, and *Missionary* identities), and the different dimensions and the specific content of these social identities (Fauchart & Gruber, 2011). It also includes social identities that contain different elements of Darwinian, Communitarian, and Missionary identities (the "hybrid" types) (Sieger et al., 2016).

##### **4.2.3.1. Construct measures**

The 15-item founder social identity scale was tested and validated through a series of analyses following established scale development procedures (Sieger et al., 2016). The scale was considered appropriate for the South African context and questions were likely to be clearly understood by the respondents (section 4.2.5.). The wording for the individual items in the founder social identity scale closely matched the original scale version (Sieger et al., 2016).

##### ***Founder social identity***

The 15-item founder social identity scale was adapted from Sieger et al. (2006) as mentioned above. The Darwinian, Communitarian and Missionary identities each were represented by 5 items. Every item was measured on a 7-point Likert scale including a neutral mid-point, ranging from "Strongly Disagree" to "Strongly Agree". A sample item is: "As a firm founder, it will be very important to me...to operate my firm on the basis of solid management practices".

The Cronbach's alpha for the five Darwinian items each showed a value of 0.78, which is above the recommended threshold of 0.7. The five communitarian items lead to a Cronbach's Alpha

of 0.82, and the five Missionary items had a Cronbach's Alpha of 0.84 (Cronbach & Meehl, 1955; Sieger et al., 2016) Refer to Appendix A for an illustration of the scale used in the survey.

#### **4.2.4. Instrument: Self completion online survey**

A cross-sectional, self-completion survey was used as a research instrument for the quantitative phase of this research and the single source of data collection in Phase One. This section reviews the benefits and challenges of the online channel through which the survey was facilitated.

##### ***Online Self-Completion Surveys: Benefits and Challenges***

Self-completion questionnaires have several benefits, namely lower associated costs, reduced speed, absence of interviewer bias, as well as convenience for respondents (Bryman, 2006). Utilising an online survey tool instead of a paper-based postal survey has similar benefits to those mentioned for self-completion questionnaires. Furthermore, because of the nature of the channel, responses do not need to be captured, thereby reducing the risk of data capturing error.

However, there are several inherent challenges associated with online surveys, of which an important one is that of low response rates (Bryman, 2006). While internet surveys have become an increasingly popular substitute to traditional survey channels, their response rates are usually lower than those of mail surveys (Miller & Dillman, 2011). According to these authors, people are less likely to spare time completing the survey if there is no benefit for them.

Based on the above-mentioned benefits and challenges, I decided that an online survey would be the most suitable channel for this study, notwithstanding the challenges. A web link attached to an e-mail was used to collect the data. This allowed for anonymity during the data collection since the source of individual responses could not be traced.

##### ***Covering Letter***

The survey link was sent via email with an embedded covering letter. Refer to Appendix A. The Covering letter reassured prospective respondents that their responses would be anonymous. It briefly described the nature of the study and stated that participation is

voluntary. Furthermore, it gave an indication of the length of time that the survey could be expected to take.

### ***Design of Online Survey***

Once the pilot questionnaire was compiled, I created the online version using Survey Monkey software (<http://www.surveymonkey.com>). Survey Monkey is a well-established and commonly used online survey platform, with a variety of questionnaire design options for researchers which has also received positive reviews from users regarding its support service.

Baruch and Holtom (2008) point to critical weaknesses associated with surveys in regards to non-response and response bias. I tried to consider this bias by adhering to several principles suggested by Bhattacharjee (2012) to increase the number of responses:

- The online survey had a welcome screen, which displayed the institution's official log, reassured respondents that the survey would take around 3 minutes and emphasised both confidentiality and anonymity;
- Respondents were assured that the data will only be used for academic research;
- Each question was presented in a format conventionally used on paper-based self-administered surveys;
- A progression indicator (i.e. what percent of the survey was already completed), as well as an automated rule that prevented the respondent from continuing with the next question in the survey if a question on the current page had not been answered;
- The questionnaire was pretested in a pilot in order to uncover any lack of clarity, which should be eliminated before administering it to the intended sample;
- Increasing the contact frequency to increase the response rate by sending out reminders, although the number of contact opportunities was constrained through the policies of the business school, and it was only permissible to send out one reminder to the target group.

#### **4.2.5. Pilot survey**

Bryman (2016) advocates that it is always advisable to conduct a pilot study before sending out a survey. It is especially important to do so if the scale used in the survey was developed and validated in a different location to the location of the research study. Although scale validation research is often done in a single location, following the implicit assumption that

scales tested in one context will be applicable in other contexts as well. However, this does not necessarily need to be the case, as people in different geographical context could react in a different ways to items (Sieger et al., 2016).

Since the validity of the scale was essential for the purpose of the research study and had not been validated in the South African context before, I first conducted a pilot study to test if the social founder identities scale proves to be valid before conducting the main survey. The survey link was therefore distributed to a sample of 26 Ph.D. students of the same institution to test the scale.

The results of the pilot study revealed that the social founder identities scale was valid in the South African context. By using the confirmatory factor analysis and the assessment of the internal consistency and reliability of the scale, it showed that all five items loaded on their respective component (without cross-loadings  $>0.4$  in magnitude), and the respective items exhibited a Cronbach's Alpha of at least  $>0.85$  (Cronbach & Meehl, 1955).

#### **4.2.6. Survey response rates**

The survey of the main sample was sent out to a pool of 448 participants and yielded 173 responses resulting in an effective overall response rate of 38.4%. The response rate is in line with the average response rates in academic studies as investigated by Baruch and Holtom (2008), and therefore able to support the quality of the research study.

### **4.3. Phase One: Quantitative data analysis**

The quantitative part of this research study sought to validate the social founders' identities scale for the South African research context to provide the foundation for the following qualitative part as the second phase of the research study. This section describes the confirmatory factor analysis (CFA) that was utilised to accomplish the validation of the scale and the resulting test results, the data analysis approach, how the data was prepared for analysis and the steps involved in conducting the various tests.

#### **4.3.1. Framework for the quantitative data analysis**

This section provides an overview of the steps underdone before the quantitative data analysis was performed. It describes data preparation; treatment of missing data; the adequacy of the sample size and the confirmatory factor analysis.

#### **4.3.1.1. Data preparation**

The raw data was imported from Survey Monkey into a Microsoft Office Excel spreadsheet. Each participant's survey response was allocated a random identity from number 1 to number 173. Superfluous columns and rows were deleted, and only the question numbers (each pertaining to an individual item) appeared in the header row. Before exporting the data to SPSS Version 25.0 (IBM Corporation, 2017), the terms used in the Likert scales needed to be recoded. "Strongly Agree" was assigned a score of 7, "Agree" was assigned a score of 6, "Agree Somewhat" was assigned a score of 5, "Neutral" was assigned a score of 4, "Disagree Somewhat" was assigned a score of 3, "Disagree" was assigned a score of 2, and "Strongly Disagree" was assigned a score of 1. The overall construct scale items used in the survey can be found under Appendix A.

#### **4.3.1.2. Treatment of missing data**

Missing data was closely inspected. 100% of respondents (n=173) completed all the compulsory questions. The survey was set up so that a respondent could not continue if the required questions were not answered.

#### **4.3.1.3. Sample size**

There are different views on what constitutes the minimum sample size for conducting a confirmatory factor analysis. Schumacker and Lomax (2010) concluded that 100 to 150 cases were the minimum acceptable sample size for performing quantitative analyses. Several other sources in the literature recommend that there should be at least 10 cases for each item in the instrument being used (Hinkin, 2005; Velicer & Jackson, 1990). Applying these recommendations to this research study, a minimum of 150 responses would be required given that there were 15 observed items. Accordingly, the sample size of 173 would be acceptable.

#### **4.3.2. Confirmatory Factor Analysis (CFA)**

Although different factor analysis techniques appear to share some basic ideas, they are different in identifying and determining the factors (Yang, 2005). Exploratory factor analysis is usually used to discover a set of a small number of latent constructs (i.e. factors) for a given larger number of observed variables, whereas confirmatory factor analysis is more adequate for confirming a predetermined factor structure based on theory or prior research (Yang, 2005).

As mentioned above under section 3.2.3., a predetermined 15-item founder social identity scale is used in this research study that was developed and tested before, and the validity demonstrated through a series of analyses following established scale development procedures (Sieger et al., 2016). Their scale development benefitted from the availability of a rigorous qualitative study that had drawn on social identity theory to systematically assess, investigate and describe dimensions of salient social identities of founders (Fauchart & Gruber, 2011). Therefore, a confirmatory factor analysis was conducted to validate the founder social identity scale in the South African context using SPSS Version 25.0 (IBM Corporation, 2017) statistical software. All results from the confirmatory factor analysis can be found under Appendix B.

#### **4.3.2.1. Scale validity and reliability**

This section describes the role CFA plays when dealing with issues of validity and reliability to reduce what is referred to as “measurement error” in statistical analysis. This is the degree to which the manifest variable values are not a true representation of what the values are (Hair, Black, Babin, & Anderson, 2010). “All variables used in multivariate techniques must be assumed to have some degree of measurement error” (Hair et al., 2010, p. 7), causing correlations to weaken and resulting in less precise means.

**Construct validity** refers to “the extent to which a set of measured items actually reflects the theoretical latent construct those items are designed to measure” (Hair et al., 2010, p. 708). CFA assesses the construct validity. Each factor loading needs to be statistically significant at a minimum and preferably  $>0.4$  in magnitude (Hair et al., 2010; Hinkin, 2005). The factor loadings pertaining to each construct in this research study were all above 0.4. The factorability of the data was strongly confirmed also confirmed by other criteria (Hinkin, 2005). For instance, calculated with SPSS the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy is 0.773, and Bartlett's test of sphericity is significant ( $\chi^2 = 1393.280$ ,  $df = 105$ ,  $p < 0.000$ ). The confirmatory factor analyses also showed three strong components with Eigenvalues of 4.996, 2.664, and 3.883. The respective variances explained are 34.31%, 17.76%, and 12.54%, which adds up to 63.61% and is above the commonly suggested threshold of 60% (Hinkin, 2005). Finally, I analysed the average variance extracted (AVE) of the three multi-item constructs. Calculated with SPSS, the AVEs ranged between 0.516 and 0.649, which is above the suggested threshold of 0.5 (Bagozzi & Yi, 1991)

**Reliability** refers to the stability or internal consistency of a measure (Yang, 2005). The aim of checking for reliability is again to reduce measurement error, i.e. the extent to which a measurement instrument differs from the true score value. Cronbach's alpha coefficients (CA) were used to assess the internal consistency of the measures. The five Darwinian items together (from constructs I, II, and III) exhibit a Cronbach's Alpha of 0.72, which is above the recommended threshold of 0.7 (Nunnally, 1978). The five communitarian items (from constructs IV, V, and VI) lead to a Cronbach's Alpha of 0.89, and the five Missionary items (from constructs VII, VIII, and IX) have a Cronbach's Alpha of 0.86. Additionally, I analysed the composite reliability (CR) to assess the overall scale reliability. The CRs ranged between 0.68 and 0.84, which is above the threshold of 0.6 (Hair et al., 2010). These findings suggest that the items are reliable and form internally consistent subscales.

As Table 3 shows, all nine constructs are represented by their items (constructs I, V, and VII with one item, all others with two items). This concludes the quantitative data analysis approach that was taken in this research study. The next section discusses the interim phase of the explanatory, sequential mixed-methods design, i.e. the phase that connects Phase One to Phase Two.



Table 3

Rotated pattern matrix of 15-item scale (South Africa)

Identity	Construct	Item	Item text	Component			CA	AVE	CR
				1	2	3			
DAR	I	A2	<i>I will create my firm in order ...to advance my career in the business world.</i>	<b>0.856</b>	0.106	-0.107	0.719	0.649	0.840
			<i>As a firm founder, it will be very important to me ...to operate my firm on the basis of solid management practices.</i>	<b>0.842</b>	0.132	-0.138			
	II	B1	<i>As a firm founder, it will be very important to me ...to have thoroughly analyzed the financial prospects of my business.</i>	<b>0.825</b>	0.173	-0.007			
		B2	<i>When managing my firm, it will be very important to me ... to have a strong focus on what my firm can achieve vis-à-vis the competition.</i>	<b>0.752</b>	0.246	0.028			
	III	C1	<i>When managing my firm, it will be very important to me ... to establish a strong competitive advantage and significantly outperform other firms in my domain.</i>	<b>0.748</b>	0.313	0.087			
		C2	<i>I will create my firm in order ...to solve a specific problem for a group of people that I strongly identify with (e.g., friends, colleagues, club, community).</i>	0.234	<b>0.873</b>	0.060			
COM	IV	A3	<i>I will create my firm in order ...to play a proactive role in shaping the activities of a group of people that I strongly identify with.</i>	0.121	<b>0.836</b>	0.063	0.888	0.609	0.797
		A4	<i>As a firm founder, it will be very important to me ...to provide a product/service that is useful to a group of people tha I strongly identify with (e.g. friends, colleagues, club, community).</i>	0.086	<b>0.835</b>	-0.36			
	V	B3	<i>When managing my firm, it will be very important to me ...to have strong focus on a group of people that I strongly identify with (e.g. friends, colleagues, club, community).</i>	0.294	<b>0.711</b>	0.070			
		C3	<i>When managing my firm, it will be very important to me ....to support and advance a group of people that I strongly identify with.</i>	0.292	<b>0.618</b>	-0.008			
	VI	C4	<i>I will create my firm in order ...to play a proactive role in changing how the world operates.</i>	0.084	0.102	<b>0.819</b>			
		A6		0.045	0.059	<b>0.787</b>			
MIS	VII	B5	<i>As a firm founder, it will be very important to me ...to be a highly responsible citizen of our world.</i>	-0.135	0.033	<b>0.753</b>	0.861	0.516	0.680
			<i>As a firm founder, it will be very important to me ...to make the world a "better place" (e.g. by pursuing social justice, protecting the environment).</i>	-0.127	-0.027	<b>0.739</b>			
	VIII	B6	<i>When managing my firm, it will be very important to me ...to have a strong focus on what the firm is able to achieve for society-at-large.</i>	0.021	-0.286	<b>0.426</b>			
			<i>When managing my firm, it will be very important to me ...to convince others that private firms are indeed able to address the type of societal challenges that my firm addresses (e.g. social justice, environmental protection).</i>						
	IX	C5							
		C6							

N = 173, Principal component analysis with Oblimin rotation and Kaiser normalization. DAR = Darwinians, COM = Communitarians, MIS = Missionaries, Loadings with >0.4 in magnitude in bold.

#### **4.4. Interim Phase: Connecting Phases One and Two**

As discussed under the section on mixed-methods, an explanatory sequential mixed-methods design contains a “connecting” step (refer to Figure 3), where the results from Phase One informs both the selection of the sample of the qualitative part, as well as decision scenario development. This section on qualitative data collection will describe this connecting step by reviewing the selection of participants to conduct interviews, as well as the development of the decision scenarios for use during the interviews. It will then proceed to discuss the pilot study, the subsequent interview process, and the steps involved in preparing the data for analysis.

##### **4.4.1. Sampling approach**

###### ***Sample Selection***

The quantitative online survey contained a request at the end of the survey which asked respondents to provide their email addresses if they were willing to be interviewees in the qualitative phase of the research study. 54 of the 173 respondents, i.e. 31% of respondents, provided their email addresses. These 54 volunteers made up for the available “pool” of possible interviewees, and the database from which I could select my sample.

The sampling method used in this part of the study is that of a non-probability, purposive sampling method (Bhattacharjee, 2012). Non-probability sampling methods are typically used in qualitative research, where the researcher is interested in studying units with distinctive features, and therefore selects participants for deliberate reasons (Bryman, 2006). The goal of purposive sampling (a way of non-probability sampling) is to strategically sample cases so that the interviews are relevant to the research question being addressed.

The non-probability sample was purposively selected according to three main criteria:

- Survey respondents had provided their email addresses for a follow-up interview;
- The “pure” founder identity type that the survey respondents had identified with;
- Survey respondents were considered as having a “pure” identity when their agreement to all five items of the three constructs that collapse to one main component/identity type was at 5 or higher (on the 1-7 scale), with no such agreement to other identity types (Sieger et al., 2016).

Table 4 illustrates the distribution of the 173 respondents according to their founder identity type based on their answers to the questionnaire in line with the above-mentioned

categorisation. As an example, a “pure Darwinian” type chose at least a “5” for items A2, B1, B2, C1, and C2 (Table 3), but less than “5” for at least one item that belongs to the Communitarian identity and for at least one “Missionary” item. This logic has been adopted from Fauchart and Gruber (2011).

**Table 4**  
Founder social identity types and hybrid identities

<b>Identity</b>	<b>Number</b>	<b>Percentage (%)</b>
Pure Darwinians	45	26.01
Pure Communitarians	16	9.25
Pure Missionaries	58	33.53
Total pures	<b>119</b>	<b>68.79</b>
Hybrids	54	31.21
Total pures & hybrids	<b>173</b>	<b>100</b>

*Note: Numbers are Individuals and percentage of total sample*

The table shows that “pure” identities made up of 119 respondents or 68,79% of the total sample (n=173), thereof around 26% were Darwinians, 9,25% Communitarians and 33,53% Missionaries. The rest of the 54 or 31, 21% of the respondents were considered as “hybrid” identities, since their answering of the survey questionnaire was not in line with the above outlined definition of “pure” identities. Respondents with a “hybrid” founder identity were not considered for the sample. The reasons for this were that on the one hand it proved to be difficult to differentiate between arbitrarily and meaningless responses that provided little value for the research (Bhattacharjee, 2012). “Hybrid” identities on the other hand involve arbitrary elements and combinations of the “pure” identity types, for example 20% Darwinian and 80% Missionary, or 40% Communitarian and 60% Missionary, and would therefore have caused another level of complexity in making inferences and predictions based on the founder identity typology used in this research study (Fauchart & Gruber, 2011). The founder identity scale was also not equipped to assess hybrid identity types (Sieger et al., 2016), and this was outside the scope of the research.

### ***Sample Size***

Alongside decisions regarding the sample profile is that of the sample size. Although there are no clear “rules” for the appropriate sample size in qualitative research, Glaser and Strauss (2006) argue that the researcher should continue to interview or stop sampling until theoretical saturation takes place. The authors understand saturation in a way “that no additional data are

being found whereby...can develop properties of the category. As he sees similar instances over and over again, the researcher becomes empirically confident that a category is saturated” (Glaser & Strauss, 2006, p.61). They continue to outline that the criteria to determine saturation are based on a combination of data, the integration and density of the theory, and the analyst’s theoretical sensitivity (Glaser & Strauss, 2006). Similarly, Guest, Bunce, and Johnson (2006) point out that data saturation is reached when “the point in data collection and analysis when new information produces little or no change to the codebook” (p. 65).

Based on the above, I then started to explore the list of potential interviewees, together with their corresponding founder identity type, a list was compiled comprising a subset of “ideal” prospective interviewees. The list included respondents as mentioned above that had identified with a “pure” founder identity and left out those respondents who had identified as a “hybrid” founder identity. In this regard, of the 54 respondents who had left their email addresses and were interested in participating in the qualitative phase of the research study, 14 were ruled out based on their “hybrid” identity so that a list of 40 respondents was compiled. This list included 18 “Missionaries”, 16 “Darwinians” and six “Communitarians”. It is important to mention here that the results from the online survey in the quantitative part of this research study also showed Communitarians in comparison to Darwinians and Missionaries, which affected the available Communitarian founder sample for the interviews.

All 40 respondents were contacted for the interviews, where among the 40, a total of 34 respondents replied confirming their availability. Interviews were arranged with 15 “Missionaries, 13 “Darwinians” and six “Communitarians. The invitation letter for the interview can be found under Appendix C. If I would have recognised that sufficient redundancy or theoretical saturation had not been reached after these interviews, the number of interviews would have been increased, as was the case with communitarians. However, upon the completion of the data analysis, it became apparent that sufficient data saturation appeared to have been accomplished at the end of the 34 interviews.

#### **4.4.2. Developing the decision scenarios**

The “connecting” phase of an explanatory sequential mixed-methods research design entails that the results of the quantitative phase inform the following qualitative phase as mentioned before.

The qualitative data collection phase of this study involves the use of verbal protocols comprising of decision scenarios. This is followed by content analysis techniques adopted for the data analysis to find out what lines of reasoning the founder entrepreneurs (founders) with distinct social founder identities (Darwinians, Communitarians and Missionaries) use when evaluating and selecting opportunities.

### ***Verbal Protocols***

Verbal protocols have been previously used by a number of entrepreneurship researchers (Choi & Shepherd, 2005; Gregoire, Barr, & Shepherd, 2010; Mathias & Williams, 2017; Sarasvathy, Simon, & Lave, 1998; Sarasvathy, 2001; Sarasvathy & Dew, 2005). Gregoire et al. (2010) for example used verbal protocols to analyse ‘think-aloud’ verbalisations (Ericsson & Simon, 1993) to develop a model of opportunity recognition as a cognitive process of structural alignment. Mathias and Williams (2017) used verbal protocols to assess the impact of role identities on opportunity evaluation and selection. As such, one of the main benefits of conducting verbal protocols is that they allow for unique insights into the thought patterns behind why individuals make certain decisions, such as assuming a given role identity, which are central to this study (Cornelissen & Clarke, 2010; Mathias & Williams, 2017).

McMullen and Shepherd (2006, p. 148) point out that Sarasvathy’s (2001) work on effectuation allowed her to successfully sidestep “configural issues that are often embedded in economic theories of the entrepreneur” by using ‘think aloud’ protocols to examine how entrepreneurs think about opportunity. The authors continue to argue that the importance of ontological assumptions about the nature of opportunities (as described in chapter three of this study) is effectively removed. By focusing only on perceived behavioural control and not the actual behaviour associated with subsequent action, the need to concern yourself with whether it was the opportunity, the execution, or the environment that prevented successful entrepreneurial action, is avoided. This approach works well if the interest of the research is on the cognitive elements of opportunity, which was Sarasvathy’s objective and is the objective of this study. Yet, to extend findings of how entrepreneurs think they would go about acting entrepreneurially would require the determination of whether it would parallel to how they actually behave under natural circumstances (ibid).

Given that my interest lies in understanding how social identity influences founders’ cognitive evaluation of entrepreneurial opportunities, verbal protocols could shed light on how this would

unfold. In this regard I created three decision scenarios, each one designed to reflect realistic opportunities to see which judgement criteria (potential) founders use when evaluating entrepreneurial opportunities. Although I designed the scenarios to be parallel and to minimise framing effects, it is possible that differences in the descriptions among the three scenarios could have generated subtle affective framing effects (Mathias & Williams, 2017). To prevent the scenarios from priming the recollection of prior events and therefore limiting the data collection to post hoc rationalisations by recall and outcome biases, I embedded each scenario with a hypothetical grounding (ibid).

Table 5 includes the full text of each scenario (opportunity) that were presented to the participants.

### ***Supplemental Information***

In addition to the information gathered during the decision scenarios, demographic data from each interviewee and his/her respective founder identity type was gathered and can be found in Appendix D.

**Table 5**

Scenarios/Opportunities	Text Presented to Each Participant
<b>Scenario 1 - Coffee Capsules</b>	<p>Imagine that you can be <b>the founder</b> of a new venture/business that produces coffee capsules (coffee pods) that are compatible with Nespresso™ machines.</p> <p>Nespresso™ coffee capsules and capsules from other brands represent a multi-billion \$US business opportunity. 7 Billion Nespresso™ capsules and 2 Billion alternative capsules are very profitably sold every year on a global level while the overall market size for capsules is still increasing. The demand for alternative capsules in comparison to Nespresso capsules has grown faster in recent years. Niche market segments based on preferred tastes are opening up and consumers look for more differentiation and alternatives to the original Nespresso™ capsules.</p> <p>The vision of the business is to offer coffee capsules with exceptional flavor sourced from different regions in Africa to cater for the South African and the global market, and all of the coffee is organic and of high quality.</p>
<b>Scenario 2 - Student Accommodation</b>	<p>Imagine that you can be <b>the founder</b> of a new venture/business that builds a platform to connect landlords with student tenants around the globe ("the AirBnB of student accommodation").</p> <p>Students can visit the website or download the free app, and are able to search through listings and contact landlords directly on the platform, which offer anything from a spare room to a whole house to students.</p> <p>The vision of the business is to become a serious player for student accommodation in a \$US multi-billion market environment with the intention to provide additional value-adding services around student accommodation and to become the experts for "the needs" of the student community.</p>
<b>Scenario 3 - Purpose led content production</b>	<p>Imagine that you can be <b>the founder</b> of a new venture/business that develops and produces film &amp; television projects that are at the same time engaging, entertaining and have a relevance in our world today (reflecting people, stories and issues of the 21<sup>st</sup> century).</p> <p>There is an unrelenting global demand for this kind of content due to Video on Demand (VoD) streaming service providers like Netflix, Apple, Disney, Amazon Prime, etc. , which creates an opportunity to produce more creative, value-driven and purpose-led content for these providers.</p> <p>The vision is to be a leading producer of purposeful storytelling, through the creation of socially impactful "must see" film &amp; TV productions, for example purposeful children's tv, awareness raising documentaries about inequality, social justice and environmental issues.</p>

## **4.5. Phase Two: Qualitative data collection**

### **4.5.1. Pilot interviews**

Due to the hypothetical nature of the scenarios, it was critical to test if the opportunity scenarios were realistic and if the interview process was sound. Prior to commencing with the main study, I began the qualitative research by conducting three pilot interviews with three founders. Each of these founders were selected based on their “pure” founder identity type and represented one of the three founder identity types (Darwinian, Communitarian and Missionary). Following that, the qualitative interviews involving the three scenarios were conducted. The first practical benefit was to become more comfortable with the interview process and the facilitation of the interviews, for example to make sure that the recording of the interviews was properly managed and ensured and that the interview process and the tasks were properly explained to the participants. More importantly, the pilot interviews helped me familiarising myself with the ‘think out loud’ instructions that participants were supposed to follow during the consideration and evaluation of the opportunity scenarios. The ‘think out loud’ instructions are part of the well-established procedures for verbal protocol analysis (Ericsson & Simon, 1993). The participants in the pilot described how they would evaluate each opportunity and why they would choose a specific opportunity over the other two. They experienced the opportunities as a realistic scenario, and I was able to notice that the participants clearly differed in the way they approached the evaluation of the various opportunities based on their founder identity types.

### **4.5.2. Interview logistics and procedure**

As mentioned under section 3.4.1, I created a target list of 34 participants based on their “pure” social founder identities. This target list of respondents consisted of founders that either were at the nascent stage of founding a venture or had already founded their venture. 32 of the respondents were first-time founders, and only two of them were serial entrepreneurs. After the invitation was sent out, the interview process was spread between May and October 2019, to be able to schedule for day and time to conduct the individual interviews.

#### ***Format of the Interview***

Considered to be the “default” option when conducting qualitative interviews (King & Brooks, 2017), the **individual face-to-face** interview format was the preferred option due to a more personal setting. However, there were instances, 8 cases, where, due to logistical constraints,



the “face-to face” interview took place over Skype<sup>1</sup> calls. In each instance both the participant and I used a webcam to create a close replication of a regular “face-to-face” interview.

### ***Interview Location***

Bryman (2016) recommends that interviews should be conducted in a quiet and private setting. Most of the “face-to-face” interviews were held in a quiet seminar room in the University. 5 Interviews were held in the respective participants’ offices. The advantage of using the office at the University was the control over the seating arrangements, which were an important part of conducting protocol analysis. In line with the procedures of verbal protocol analysis (Ericsson & Simon, 1993), a seating arrangement was arranged in which I would not sit in opposite to the participant to avoid the participant looking for facial and body signals from me during ‘thinking out loud’.

### ***Interview Materials***

At the start of the interview, an “informed consent form” – refer to Appendix C – was provided to the participant. I used three A4 printed pages during the interview which contained the three different opportunity scenarios that were handed over to the participants at the relevant point in the interview. No additional information about the focus of the research and the outcome of the survey were shared with the participant at the beginning of the interview to avoid social desirability bias (Bhattacharjee, 2012). The interview protocol can be found under Appendix C.

### ***Duration of the Interview***

The interview was designed to take between 45-90 minutes. Most of the interviews lasted approximately 60 minutes, with the minimum time for an interview being 40 minutes and the maximum time 110 minutes.

### ***Ending of the Interview***

At the end of each interview, I would ask the participant if they had anything to add or whether they themselves had any questions. After that, the respective outcome of the survey and the focus of the research were shared with the interviewees.

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<sup>1</sup> Skype is a software application that facilitates telephone calls and video conferences over the internet.

#### **4.5.3. Preparing the qualitative data for analysis**

All the interviews were recorded on the digital device, the audio files were downloaded onto the computer and transcribed verbatim within a few days of each session. Transcriptions should endeavour to be as true as possible to the conversation taking place, minimising loss of emotional nuances, for example (Bazeley, 2012). Adhering to Bazeley's (2013), I kept words like “uhm” and “yeah” and the repetition of words or sentences. On completion of the transcript, I would listen to the recording again, compare it with the transcript to check the accuracy of the transcription, and familiarise himself with the data once more. Once all transcripts were complete, the word documents and the audio files were uploaded onto NVivo 12 Pro for Windows computer software (QSR International, 2018), for storage and data management.

#### **4.6. Phase Two: Qualitative data analysis**

The purpose of the qualitative analysis was to gain more insight into the distinct social founder identities and to expand on the first phase quantitative results to address the research question (Creswell & Plano Clark, 2018). Mixed-methods research as the chosen research method in this research study is practical in the way that the researcher has the freedom to use different methods to address a research problem (Creswell & Plano Clark, 2018), by combining inductive and deductive logic through abductive thinking for the data analysis (Morgan, 2007).

##### **4.6.1. Data analysis and coding**

Characteristic of qualitative research, initial data analysis involved inductive coding of the data (Glaser & Strauss, 1967; Miles, Huberman, & Saldana, 2014). Based on the founder identity type that each participant had typed, I separated the transcripts based on categorisations of Darwinian, Communitarian and Missionary typology. Following that, I read through and analysed the transcripts of the interviewees' verbalised responses to each opportunity scenario, trying to find commonalities and differences across cases of each type in relation to the way they evaluated the different opportunity scenarios. Thus, the researcher set about coding and analysis concurrently by labelling and sorting fragments of text from the transcripts (coding) while interpreting these fragments' meaning (Locke, 2012). In doing so, I noticed that interviewees had similar response patterns based on their respective founder identity type but quite different response patterns between the three distinct founder identity types.

In order to further explore, validate, and develop theoretical insights from the founder's verbalised considerations of the judgement criteria to evaluate opportunities, I employed content analysis (Krippendorff, 2004). Content analysis is a general term for several different strategies used for the analysis of text. It is a systematic coding and categorising approach that is employed for exploring large amounts of textual information to find trends and patterns of words used, their frequency, their relationships, and the structures (Vaismoradi, Turunen, & Bondas, 2013). The purpose of content analysis is to describe the characteristics of the document's content by investigating who says what and with what effect (Bloor & Wood, 2006). Krippendorff (2004) argues that content analysis allows researchers to enrich, validate, and develop theoretical insights from emergent themes, and has been used throughout entrepreneurship research (Gregoire et al., 2010; Mathias & Williams, 2017; Short et al., 2009).

Abductive inferences as mentioned above are central to content analysis (Krippendorff, 2004), and are in line with the pragmatic worldview, which as mentioned under section 4.3., is the philosophical stance of this research study. The pragmatic approach relies on a version of abductive reasoning that goes back-and-forth in an iterative process between induction and deduction (Morgan, 2007).

After reading through the responses, I began assigning initial codes to sections of the text and then subordinated them under themes and aggregated theoretical dimensions from the literature. Coding generally describes the way labels are assigned to data through several iterations (Miles et al., 2014). Sometimes these sections of text were phrases, in other cases, full sentences, and in yet other cases, clusters of sentences (Ericsson & Simon, 1993). For example, if a participant said, "This one is an interesting one," I coded this sentence as "assessing the personal attractiveness" which relates to "personal identification" as a second-order theme. Or if a respondent said, "It is going to be a tough market to try to tap into", I coded this sentence as "identifying challenges" which relates to the theme of "perceived opportunity conviction" as a second order theme.

With the first-order code analysis, I tried to adhere faithfully to the terms of the informants (Gioia et al., 2013). I then started to look for similarities and differences among the many codes, which is similar to Strauss & Corbin (1998) notion of axial coding, to reduce the number of first-order codes to a more manageable number (Gioia et al., 2013). The number of first-order

codes developed for the final coding varied per founder identity type. For Darwinians, 40 first-order codes were developed, for Communitarians 38, and for Missionaries 45.

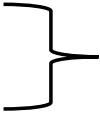



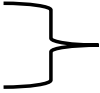


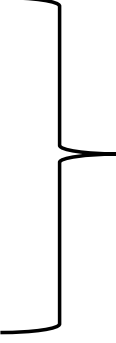

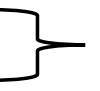
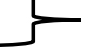
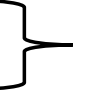
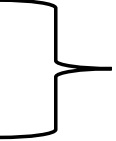



For the second order themes, I moved toward the theoretical area, and tried to question if the emerging themes suggest concepts that might help describe and explain the opportunity evaluation process. Working with these initial codes and themes, I began to develop a coding scheme based on three broad lines of reasoning that emerged from comparing the distinct founder identity types within and across the opportunity scenarios: (1) Which judgement criteria and combination of judgement criteria participants used for opportunity evaluation based on their respective founder identity type, (2) the reasons and argumentation for selecting one of the three opportunity scenarios based on their respective founder identity type, and (3) how the participants differed in their opportunity assessment across the distinct founder identity types.

Based on the full set of first-order codes and second order themes, I then combined these with the theoretical aggregate dimension from the opportunity evaluation literature (Scheaf et al., 2020) to have the basis for building a data structure (Gioia et al., 2013). The data structure for the final coding table includes first-order codes, second-order themes and aggregated theoretical dimensions.

I then went back-and-forth between the data and the emerging framework to finalise the coding scheme through a highly iterative process. In doing so, I used a more deductive approach involving the use of the extant literature in entrepreneurship and opportunity evaluation as a theoretically driven guide for concepts, constructs, and labels as aggregated theoretical dimensions for the lines of reasoning expressed by the interviewees. In doing so, I moved from 'inductive' to 'abductive' research, with the data and existing theory considered in tandem (Alvesson & Kärreman, 2007; Gioia et al., 2013). It was also important to consider that the coding scheme depicted lines of reasoning that were common across interviewees and not unique variations specific to the particular thoughts of each interviewee (Gregoire et al., 2010). Throughout the creation of the second order themes, I sought to explain, document, and verify these findings with colleagues and my supervisor.

Table 6 illustrates the coding table that was developed for the Darwinian founder identity type. The coding tables for the Communitarian and Missionary founder identity types can be found in the Appendix E.

**Table 6**  
Opportunity Evaluation - Judgement Criteria

First Order Codes		Second Order Themes		Aggregate Theoretical Dimensions
Assessing the general market characteristics Estimating the volume and size of the market Estimating the price points in the market Analysing the growth rate of the market Segmenting the market		Understanding of market related Information		<b>Gain Estimation</b>
Assessing the profit margin Assessing the revenue model		Understanding of financial Implications		
Identifying consumer needs Assessing consumer feedback and expectations Identifying consumer segments Assessing consumer demand		Understanding of consumer related information Assessment of the competitive situation		
Identifying the competitive situation in the market Analysing the strength and size of competitors Reflecting on own competitive strategy		Assessment of the competitive situation		
Assessing the time to financial pay-back Assessing the time to exit the market		Perspective of time		
Assessing risk related information Identifying challenges Identifying what is doable Assessing the viability		Perceived opportunity conviction		<b>Feasibility</b>
Reflecting on product related characteristics Reflecting on broader product concepts		Product related capabilities		
Assessing self-knowledge and familiarity Assessing own experience Assessing own skill-set Assessing own social network		General capabilities		
Identifying various non-financial resources Identifying capital requirements		Assessment of tangible resources		
Assessing the personal attractiveness Assessing own values Assessing own emotions Assessing own beliefs Reflecting on own's legacy		Personal identification		<b>Desirability</b>
Reflecting about venture size Reflecting about other venture goals Reflecting about market exit strategies		Venture goals		
Identifying necessary investment (funding) Assessing various costs involved Assessing opportunity costs involved Analysing the loss potential		Understanding of costs involved		<b>Loss Estimation</b>

N= 13 Darwinians

### ***Coding Software***

I used a computer-assisted qualitative data analysis software (CAQDAS) package for the coding process, NVivo 12 Pro for Windows, Version 12.0 (QSR International, 2018). There are several benefits for the usage of CAQDAS, such as easier data management, speed of processing large volumes of data, and facilitating rigour.

#### **4.6.2. Qualitative analysis validity: “Trustworthiness”**

Qualitative research involves a naturalistic approach. Lincoln and Guba (1982) suggested that the trustworthiness of a naturalistic inquiry can be measured to achieve rigour in qualitative studies through the following criteria: credibility, transferability, confirmability and dependability.

#### ***Credibility***

According to Lincoln and Guba (1982), the important question that establishes credibility is: “Do the data sources (most often humans) find the inquirer’s analysis, formulation, and interpretations to be credible (believable)?” (p.246). Checking for agreement from informants about the conclusions drawn, called “member checking” or “response validation”, is a useful way to make sure that my interpretation and the quality of the findings are authentic (Bazeley, 2013). I sent the qualitative findings to six of the participants, two from each of the founder identity types. While encouraging them to read the whole qualitative findings, it was not a prerequisite. All six participants replied timeously and gave varying degrees of feedback. Two replied within a few days of receiving the email. They had read their quotes and reported back that could confirm that my interpretation was in line with what they had said. The other four participants replied during the following two weeks, also affirming the statements in the qualitative findings.

#### ***Transferability***

Since it is not possible to generalise the findings from the non-probability sample, transferability is possible to the extent that “thick description is available about both “sending” and “receiving” context to make a reasoned judgement about the degree of transferability possible” (Guba & Lincoln, 1982, p. 247). These authors argued that purposive sampling would be a way for researchers to address this. In this regard, I used a purposive sample with a variation among interviewees based on different founder identity types.

### ***Confirmability***

Confirmability could be established by “practicing reflexivity”, implying the effort “to uncover one’s underlying epistemological assumptions”, “implicit assumptions, biases, or prejudices about the context or problem” (Guba and Lincoln, p. 248) and so forth. The term “reflexivity” transports several meanings, for example to commit the social researcher to reflect on the implications of their neutrality, decisions and methods, when creating knowledge of the social world (Bryman, 2016). A researcher can contribute to the validity of the research study by reflecting on and acknowledging and disclosing their own biases (Creswell & Plano Clark, 2018). Consistent with the standards of verbal protocol and content analysis (Krippendorff, 2004), I attempted to reflect on my own biases in relation to the interpretation of the data by engaging independent coders who were unfamiliar with the study to code portions of the data. The intercoder agreement was then calculated using the Kappa Coefficient in NVivo 12 Pro ( $k=0.83$ ). Intercoder reliability is commonly used in content analysis and has been introduced as a measure for improving the approach’s reliability (Vaismoradi et al., 2013).

### ***Dependability***

Guba and Lincoln (1982) see dependability as important to trustworthiness because it establishes the research study’s findings as consistent and repeatable, and to support my aim to verify that their findings are consistent with the raw data they collect. The data analysis in this research study was conducted by using data structuring procedures which were lending the requisite rigor to the analyses and are discussed in the data analysis section of this chapter.

#### **4.6.3. Reporting results**

In reporting the findings from the qualitative analysis, I made sure that the essence of the quotes used in the research study reflected the statements of the participants given during the interview.

#### **4.7. Integration of phases one and two**

The final phase in the explanatory sequential mixed-methods design entails the integration of both the quantitative and the qualitative findings. Integration in mixed-methods research is often challenged (Bryman, 2016). The author argues that “insufficient attention has been paid to the writing up of mixed-methods findings and in particular to the ways in which such findings can be integrated” (p.21). However, it is only through meaningful integration that the

synergy of the mixed-methods approach can be seen (Guetterman & Creswell, 2015). Ultimately, the critical decisions with regards to how to integrate the data were in relation to the purpose of the research study. It became a question of how to utilise both the quantitative and qualitative parts effectively to answer the research question.

Guetterman and Creswell (2015) suggested that a useful way of presenting integrated data at the analytical stage could be in the form of a table or “joint display”. Researchers who make use of joint displays try to integrate the data by connecting the data through a visual means to draw out new insights beyond the information gained from the separate quantitative and qualitative results (Guetterman & Creswell, 2015). The thinking of joint display tables to visually connect the data helped integrating the quantitative and qualitative parts, both in terms of the analysis, and regarding the illustration of the results. The founder identity typology used in the quantitative part of this research study informed and guided the data analysis that was conducted in relation to the qualitative part as was shown in table 2 (p. 61) before. By using content analysis, it was possible to analyse the data qualitatively and at the same time quantify the data (Vaismoradi et al., 2013), which supported the descriptive approach of both coding the data and its interpretation of quantitative counts of the codes. The integration of the data in form of joint displays present commonalities and differences across founder identity types in relation to the way they evaluated the different opportunity scenarios. The displays are part of the findings section.

#### **4.8. Research ethics**

Ethical clearance was obtained at the proposal stage of the research study, before any data collection was initiated. The proposal was reviewed by the University’s Faculty of Commerce “Ethics in Research” Committee, and permission to proceed with the research study granted in February 2019. See Appendix F for the signed approval letter.

The research was conducted in adherence to the principles outlined in the guidelines “Commerce Faculty Ethics in Research Policy”. Essentially, ethical issues are concerned with protection from harm, informed consent, right to privacy and honesty with research participants (Leedy & Ormrod, 2014). Since access to master students of the University was necessary to conduct the research study, an application for approval for access to students for research



purpose was submitted to the department of student affairs at the relevant University, and the permission was granted in February 2019.

#### **4.8.1. Ethical considerations for quantitative data collection: Online survey**

It was critical to make sure that anonymity was granted to the respondents of the online survey. I therefore selected chose to distribute the survey via a web link for the data collection. In this way, there was no possibility that the source of individual responses could be traced. The email including the survey link described the objective of the study, stating that participation was voluntary, and that respondents could withdraw from the survey at any time. Additionally, it provided an indication of the length of time that it would take to complete the survey. Only if the respondents were willing to participate in the qualitative interview later, they could leave their email address.

#### **4.8.2. Ethical considerations for qualitative data collection and analysis: Decision scenarios**

In the case of the qualitative data collection, access to the sample worked differently, since survey respondents had voluntarily provided me with their email addresses, and therefore agreed to be interviewed. At the beginning of the interview, I requested permission to record the interview. Once given permission to record, the “informed consent” document mentioned earlier was handed over to the participant.

In terms of protecting privacy during the data analysis stage of the research study, I used the recording as the reference, as well as pseudonyms for the transcripts. In the write up of the findings, the pseudonyms were used for illustrative objectives, e.g. a male or female founder.

### **4.9. Conclusion**

This chapter began with an overview of the research study’s philosophical stance, and then outlined the mixed-methods research design of the study. Details of how the data was collected and analysed in Phase One and Two were discussed, followed by a consideration of the integration of the findings. The last section informed the reader of the ethical considerations. The next chapter will focus and present the findings of the research conducted in Phases One and Two of this research study. The chapter also contains a more detailed description of the steps taken to ensure that the research was conducted in accordance with the University’s ethical guidelines.

## CHAPTER FIVE

### FINDINGS

#### *Chapter Overview*

The presentation of the main findings and analysis have been structured according to the main research question of this study and the conceptual framework depicted in figure 2 of section 3.6 in chapter three, which focuses on how social founder identity influences the evaluation of entrepreneurial opportunities. In this regard, this chapter focuses on the findings from data collection and data analysis based on the interviews conducted in the qualitative phase, as well as the integration with the results from the quantitative phase. Specifically, I highlight how founders presented similar response patterns towards the evaluation of entrepreneurial opportunities based on their respective social founder identity type, but at the same time, also the differences in response patterns across the three distinct social founder identity types.

#### **5.1. Social Founder Identity Types and Opportunity evaluation**

In order to be able to address the main research question as mentioned above, the focus in this section lies on analysing a) what opportunity judgement criteria the distinct social founder identity types emphasise and prioritise, b) how the use of these judgement criteria influence which of the opportunity scenarios they select, and c) how these judgement criteria relate to the level of inclusiveness of the founders' self-concept and the needs (in the markets) that they perceive as relevant for themselves as a basis to form a venture.

In the initial stages of the analysis, I used descriptive and in-vivo coding as part of the 1<sup>st</sup> cycle coding (Saldana, 2013). This led to the development of first order codes that resembled specific judgement criteria that the participants used during assessing the different opportunity scenarios. This allowed for connecting similar first order codes to second order themes. For example, if a participant was talking about "I do like the fact that Nespresso's market growth has sort of saturated and that there is growth for other people to come in", the first order code was developed as 'analysing the growth rate of the market'. Similarly, if a participant was talking about "the number or size of competitors", the first order code was developed as "analysing the strength and size of competitors". Based on these first order codes, second order themes were developed (as described in chapter four). In the above-mentioned examples, it

would state “Understanding of market related information” and “Assessment of the competitive situation”.

Further reading of prior studies on entrepreneurial opportunity evaluation theories provided for aggregated theoretical dimensions (Scheaf et al., 2020). This allowed me to identify patterns within the data that formed different combinations of opportunity evaluation dimensions per social founder identity type and showed variations between the different types. A description of the findings for each respective social founder identity type follows next, followed by a cross-cases analysis between the social founder identity types (Miles et al., 2014), and concluding the chapter with indications of exceptions found in the data sample.

#### **5.1.1. The Darwinian Social Founder Identity**

This section looks at the judgement criteria that Darwinians used during ‘thinking aloud’ about the opportunity scenarios in the qualitative phase. The final sample of Darwinians included 13 founders that either were at the nascent stage of founding a venture or already had founded a venture. All founders were first-time founders.

A first interesting observation was that Darwinians did not prefer or select a specific opportunity over the other two because of the respective description and framing of each of the opportunity scenarios. Someone could have imagined that they would have been attracted by a specific opportunity scenario and its characteristics or that a specific scenario would have had invoked the Darwinian social founder identity in a more likely fashion, but that was not the case. Table 7 shows the opportunities that were selected by the Darwinians. The percentages in table 7 refer to the relative selection of the three opportunity scenarios by all Darwinians and serve as a clarification that Darwinians were unevenly attracted between the three scenarios and not focused on one specific scenario.

**Table 7**

Founder social identity types and opportunity scenario selection

<b>Darwinian Founder Identity - Participant</b>	<b>How many times quoted in the qualitative analysis</b>	<b>Opportunity Scenario Selected</b>	<b>Percentage (%)</b>
Joe	<i>13 times</i>	<i>Scenario 1</i>	<b>Opportunity Scenario 1 23 %</b>
Ryan	<i>12 times</i>	<i>Scenario 3</i>	
Peter	<i>5 times</i>	<i>Scenario 3</i>	
Susan	<i>2 times</i>	<i>Scenario 2</i>	<b>Opportunity Scenario 2 38,5%</b>
Alex	<i>8 times</i>	<i>Scenario 2</i>	
Richard	<i>0 times</i>	<i>Scenario 3</i>	
Ann	<i>1 times</i>	<i>Scenario 1</i>	
Tom	<i>3 times</i>	<i>Scenario 2</i>	
Harry	<i>0 times</i>	<i>Scenario 1</i>	<b>Opportunity Scenario 3 38,5%</b>
Pam	<i>0 times</i>	<i>Scenario 2</i>	
Sandy	<i>7 times</i>	<i>Scenario 3</i>	
Andy	<i>0 times</i>	<i>Scenario 2</i>	
Trish	<i>1 times</i>	<i>Scenario 3</i>	

Note: 13 Darwinians, Percentage of how many times participants selected respective scenario

Table 7 indicates that the founders with a Darwinian social founder identity did not focus on a specific opportunity but were quite diverse and rather balanced in their selection of one of the three opportunity scenarios. Scenario 1 was selected by three participants, which accounted for 23%, scenario 2 was chosen by five participants, which accounted for 38,5%, and scenario 3 was also selected by five participants resulting in the remaining 38,5% of times.

As mentioned in chapter 4, content analysis allows for data to be analysed qualitatively and at the same time to quantify the data (Vaismoradi et al., 2013). Table 8 presents the developed first order codes and second order themes together with the aggregate theoretical dimensions that Darwinians used when they assessed the different opportunity scenarios. Next to the first order codes, second order themes and aggregate theoretical dimensions are columns displaying frequencies. Frequencies refer to the number of times that Darwinians have mentioned the first order codes during the interviews, resulting in an aggregated number of frequencies at the second order theme level and the aggregated theoretical dimensions level. The frequencies proved to be significant since they illustrate which judgement criteria Darwinians prioritised during their opportunity evaluation in relative terms. This prioritisation varied between Darwinians, Communitarians and Missionaries independently from their respective sample size and influenced their use of different combinations of judgement criteria.

The table indicates that Darwinians tend to focus more on objective and tangible judgement criteria. The first order codes employed by me showed that Darwinians focused on certain information in their assessment that was based on trying to get an objective idea of the need or problem in the market or estimation of the potential gains that are inherent in each of the three opportunity scenarios. It felt as if they were keeping a certain distance to the opportunities. They also prevented their personal values, emotions or the attraction that they felt towards a specific opportunity to get into their way or take over their whole evaluation approach. In their emphasis on objective information, some of the Darwinians were pointing out that they would need to do more research and get more detailed and validated information to reduce the uncertainties about the respective opportunity scenarios to be able to come to a decision about which one to pursue.

An important part of the evaluation was also how Darwinians perceived the risks associated with the opportunity scenario, the potential products characteristics and the general product concept, as well as the necessary knowledge and personal experience to be able to understand the characteristics of the opportunity. Personal judgement criteria that were of a subjective nature, like values, emotions, and the perceived attractiveness of the opportunity also mattered, but played a subordinated role. As already mentioned, even when Darwinians showed a more personal interest in an opportunity, most of the times they would still favour more objective criteria to guide them in their evaluation as the most relevant ones.

**Table 8**  
Opportunity Evaluation - Judgement Criteria

First Order Codes	Frequency	Second Order Themes	Frequency	Aggregate Theoretical Dimensions	Frequency
Assessing the general market characteristics Estimating the volume and size of the market Estimating the price points in the market Analysing the growth rate of the market Segmenting the market	34 27 26 25 12	Understanding of market related Information	124	Gain Estimation	366
Assessing the profit margin Assessing the revenue model	50 28	Understanding of financial implications	78		
Identifying consumer needs Assessing consumer feedback and expectations Identifying consumer segments Assessing consumer demand	25 23 23 9	Understanding of consumer related information	78		
Identifying the competitive situation in the market Analysing the strength and size of competitors Reflecting on own competitive strategy	28 24 20	Assessment of the competitive situation	72		
Assessing the time to financial pay-back Assessing the time to exit the market	10 4	Perspective of time	14		
Assessing risk related information Identifying challenges Identifying what is doable Assessing the viability	40 28 24 14	Perceived opportunity conviction	106	Feasibility	262
Reflecting on product related characteristics Reflecting on broader product concepts	46 35	Product related capabilities	81		
Assessing self-knowledge and familiarity Assessing own experience Assessing own skill-set Assessing own social network	36 17 8 7	General capabilities	68		
Identifying various non-financial resources Identifying capital requirements	5 2	Assessment of tangible resources	7		
Assessing the personal attractiveness Assessing own values Assessing own emotions Assessing own beliefs Reflecting on own's legacy	35 24 21 18 2	Personal identification	100	Desirability	121
Reflecting about venture size Reflecting about other venture goals Reflecting about market exit strategies	13 5 3	Venture goals	21		
Identifying necessary investment (funding) Assessing various costs involved Assessing opportunity costs involved Analysing the loss potential	20 17 2 2	Understanding of costs involved	41	Loss Estimation	41

*N= 13 Darwinians*

As table 8 illustrates, the frequency with which Darwinians mentioned information about the second-order themes in relation to the aggregated theoretical dimension *gain estimation (366 times)* from the literature was:

- Understanding of market related information *124 times*,
- Understanding of financial implications *78 times*,
- Understanding of consumer related information *78 times*,
- Assessment of the competitive situation *72 times*, and
- Perspective of time *14 times*.

The frequency with which Darwinians mentioned a phrase in relation to *feasibility* (262 times) was:

- Perceived opportunity conviction *106 times*,
- Product related capabilities *81 times*,
- General capabilities *68 times*, and
- Assessment of tangible resources *7 times*.

The frequency with which Darwinians mentioned a phrase in relation to *desirability* (121 times) was:

- Personal identification *100 times*, and
- Venture Goals *21 times*.

Finally, the frequency with which Darwinians mentioned a phrase in relation to *loss estimation* was:

- Understanding of costs involved *41 times*.

The following paragraphs will provide detailed insights into the opportunity evaluation process by explaining in more detail which dimensions Darwinians used during evaluation, and how they thought and talked about the opportunities.

#### **5.1.1.1. Gain estimation**

Gain estimation was the dimension most frequently used by Darwinians, which built on understanding, identifying and assessing relationships between market, consumer, finance and competition related information.

Darwinians wanted to understand more objective details about the market environment and what the general market potential for each of the opportunities looked like. They did this by initially looking outward. Looking outward in this context means that Darwinians would focus on objective, external information. For example, all of them wanted to know how big the market was in terms of volume, the price point in the market, if the market was growing or not, if they were dealing with a new or an established market, or what the specific market characteristics looked like.

They connected this information about the market with thinking about the consumers and different market segments by looking at the current price points in the market and the possibility to position a potential offering through setting a different price. The competitive situation also played an important role for the Darwinians in assessing the attractiveness of the markets. If there was strong competition through many contestants in the market area or a competitor that was dominating the market through a high market share or through other characteristics like a strong brand, richness of financial resources, Darwinians were not so convinced about evaluating the respective opportunity in a positive way. They felt that strong competition would interfere with their priority for profit maximisation since the potential for a high margin business were lower. All this information about the market, consumers and competition were put in relation to potential profit margins, the time it would take to get the pay-back on their investment, and the attempt to think about an appropriate revenue model that would fit each of the opportunities.

To give better insights into how Darwinians thought about the above-mentioned opportunity characteristics when thinking about gain estimation, some examples will now be provided.

Joe, for example, assessed information about opportunity scenario 1 in this fashion. He first starts thinking about Nespresso as the dominant player in this market.

*“For this particular opportunity I instantly see the brand Nespresso, I think of the brand Nespresso as a very influential, multinational, powerful brand. And I think, I do therefore have a little bit of reluctance around starting a business like this, because it is obviously directly competing with a large corporate, who has the financial means to push us out as a start-up business” (Joe).*

He then continues to talk about the market size and about consumers and potential alternative product design at a different price point then what Nespresso is offering.

*“... there is obviously a huge market of coffee in the world, and therefore if we can catch a small portion of that market, it would mean that we can make this business profitable and ultimately successful” (Joe).*



*“Yes, I definitely see the rise of compatible capsules in the market, now a few people got this Nespresso machines, but not necessarily want to use the Nespresso pods but rather buy other capsules, because they come at a much lower price” (Joe).*

*“So, automatically, I am trying to think, would we have the opportunity to undercut Nespresso, Nespresso is a very premium product, and therefore we could look at undercutting them with a product which is still luxury, still high quality, but perhaps a bit cheaper” (Joe).*

Ultimately, Joe starts to bring his reflections about generating a competitive advantage through price differentiation and various market characteristics together to think about the potential profit margins to be gained in this opportunity scenario.

*“I am now starting to think about margins, with which we can operate and produce these capsules, which price point would be the most effective and most profitable in the market. The margin on coffee seems to be extremely large, the sourcing of coffee is pretty low but obviously it retails for quite a high price. Maybe we can look at reducing the market related price but at the same time maintain the high margin that we need to create a profitable business” (Joe).*

Another Darwinian, Alex, focused on opportunity two and began the evaluation of this opportunity by reflecting about the competition and how a strong competitor proves to be very challenging to compete against, but also how Airbnb themselves were able to become a strong player based on recent industry developments.

*“.....makes me think, that ok, Airbnb had small meanings, now massive player, but it also makes me think, massive player, they have just kind of taken over an entire industry, and now I am immediately thinking to overthrow them is a lofty kind of goal” (Alex).*

He then continues to look for strategic differentiation and starts thinking about the market environment, the respective market segment and how he would want to understand how existing players in the market structure their offerings to cater for student needs.

*“So, in that sense it seems very similar to Airbnb, but however student accommodation I tend to associate with longer term rentals as I suppose to short term rentals, so you perhaps would have different dynamics, you wouldn't be competing so directly anymore*

*but it also means, I might have a more stable revenue stream, which might be, I suppose, attractive and little bit less risky” (Alex).*

*“I want to know what that market environment looks like and I would want to look at similar accommodation platforms rather, and how they function, and what additional services around student accommodation are because, I suppose, although students might share a bunch of common needs, they are at the same time a very diverse group of potential customers” (Alex).*

Finally, Alex points out that he needs more information. He would intend to do more research to put him in the position to assess market characteristics in more detail and to verify the *profit potential* and the time-to-profit that this scenario might offer.

*“There is market potential here, but it’s potential that I want to evaluate in more detail. Provided that you can gather the need, you can satisfy it in some way, which appears to be the case in the student accommodation case, whether it is attractive. I would have to dig around for property market data, aside from, whether or not this would work better as a solution to bring these two parties together as what is already out there, is the question of, you know, whether it would be actually profitable at all in any kind of way and how long it would take to pay-back” (Alex).*

A third Darwinian, Peter started to evaluate scenario three by trying to assess the market potential and the competitive situation for that opportunity. He attempted to better understand the consumer demand for documentaries, and to consider what mattered to established incumbents in the market, since this would directly reflect on his chances to get funding for this opportunity.

*“So, how much of a market is there for inequality and social justice and that sort of things, I do not know, and again to the competitive point, to the extent to that there is a market, who is already playing in that market, and are Netflix already funding work in that space or are they looking for content to acquire, one would need to understand that, right” (Peter).*

*“So this is my point, Disney, over here for example, I do not know about Apple, but I have heard that Amazon Prime and Netflix are producing high quality content, now I suppose, the question is whether they are developing purpose-led content, number one, whether*

*they want purpose led content, number two, and whether the customer wants purpose-led content, the first question is if there a market for purpose-led content” (Peter).*

He then later explicitly refers to the need of more information and research before being able to consider scenario three. In doing so, Peter focused on the validation of objective data and tried to avoid to immerse himself personally without a careful analysis of the opportunity scenario.

*“So, I mean, I guess I am giving my initial reflections on this, but personally, if I was to proceed this one, I would want data, I would want analysis, I would want a failure robust research exercise, research and all testing of some sort” (Peter).*

Finally, he describes the return of investment and the necessity of a short time to profit so that the research about opportunity three would have to generate to become interesting for him.

*“.....and what returns might someone expect in the early years, because if this opportunity can not deliver a good return of investment within a short time than it is not interesting. For it to be an opportunity would mean that the prospects of a good ROI given the risk associated with it are good, and I do not know that I am happy to say that in this case yet” (Peter).*

#### **5.1.1.2. Feasibility**

Feasibility was the secondly most frequently used dimension by Darwinians, which builds on understanding, identifying and assessing relationships about their own capabilities, resources and perceived opportunity conviction.

Darwinians wanted to increase their conviction by identifying in more detail if the opportunity was doable for them. For example, they started to look inward and thought about their own knowledge and experience about the market or industry where the opportunity was placed. This gave them a first indication if they perceived the opportunity as “easy” and “difficult”, or “simple” and “ambitious”, and affected their overall confidence and interest in the opportunity they were thinking about.

They continued then to imagine or describe potential products and solutions that could be employed to that opportunity. Here it made a difference if they were more confident about the opportunity as mentioned above since background knowledge and experience helped them to picture potential product characteristics and overall product concepts in more detail. Some of the Darwinians also mentioned their personal network to make remarks about potential sources of expertise and knowledge that they could tap into for advice about the potential of a specific business opportunity. Thinking about potential products and solutions also gave them a better orientation for assessing the involved risks and challenges that they would face if they would consider that specific opportunity. They also connected the risks to potential rewards that could be gained from the specific opportunity and tried to get an idea of the risks and resource requirements in relation to the financial returns.

To better illustrate the way Darwinians thought about the feasibility of the respective opportunities and how they pondered the different elements against each other, some examples will now be presented.

Susan began her feasibility evaluation by thinking about opportunity scenario two regarding her own skills and her personal and professional experience. In doing so, she finds out that scenario two is better suited for her than the other scenario three where she comes to a different conclusion.

*“I think if I was given the preference in terms of what I feel that my skills would offer would be towards scenario 2. Since being a student as well, it would be easier for me to launch something like that upfront. In this regard scenario 2 would be the most feasible for me”* (Susan).

*“I have very limited knowledge of the film and television industry, and the processes and the challenges, everything related to that. Because of my limited understanding, I am not sure, of how the necessary steps of actually making it happen, would work out”* (Susan).

She then continues to talk about potential product and solution characteristics for consumers in this market (opportunity scenario two), and how she would try to understand what would be involved in terms of processes and functionality developing a solution like that.

*“It definitely helps to develop a specific student accommodation app, not just your normal Airbnb, staying with normal people, but it makes perfect sense to dive into an app based as a version of Airbnb. You could follow most of the Airbnb model in terms of the functionality that would be a good benchmark” (Susan).*

*“You have to obviously offer them, perhaps you have a free photography service for the rooms, or some kind of add-ons that they can, you can basically get them up and running and just to have a value add to get their photos - get a consistency of the photos to give the platform quite a nice look and feel” (Susan).*

Finally, Susan assesses risks involved in opportunity two and how to balance the right way of handling the potential benefits with the requirements to get to a workable solution.

*“You would have to put a good business plan together, and a product concept with a financial model that shows if it could work and the potential risks involved. The work that would have to go into it to start it up and what requirements and resources you would need to start that up would be important to know upfront” (Susan).*

*“That risk vs. reward factor has to be in line, you need to take risk but too much risk so that you completely put yourself out and that you can not buy home for your family and have kids, etc., and so that those things do not suffer as a result” (Susan).*

Another Darwinian, Joe, uses a similar process than Susan during his feasibility assessment of scenario two and three by going back to his personal skills and entrepreneurial experience. Mobilising that experience and his own skill-set would help him to manage the product or solution behind the opportunity. Based on this assessment he comes to different conclusions for both scenarios.

*“I think I am probably the best positioned to execute scenario 2, because I think I have got experience producing a tech platform in the market place type of space and managing two sides of the market and using technology to make their life a little bit easier. I have always been in this technical type of space and it has taught me a lot around the operational side” (Joe).*

*“This isn’t a space, in which I necessarily have a great deal of experience in, in terms of the film and production industry and I do not have the right experience as such to execute something like this” (Joe).*

He then continues to investigate certain product and solution configurations and characteristics for opportunity scenario two.

*“How can we vet the student and establish a rating system, do we require specific documents and do legal checks about them to see if they have clean credit records, or if they had trouble with tenants before, and this sort of things. We also have to make sure that the vetting and the matching process is really sound, so that students can connect with the opportunities they need or that is just comes into the market a little bit cheaper and better” (Joe).*

Ultimately, Joe tries to summarise and validate his thoughts about the validity of opportunity two.

*“So, in terms of the revenue model I would go for a subscription model, it is also supposedly very good for the valuation of the business as well” (Joe).*

*“And that could work, but it is potentially troublesome as well, cause students does not necessarily have disposable funds, do not have a great deal of cash at this stage and therefore it could prove challenging to get them to pay for services connecting them to accommodation” (Joe).*

*“So, validation is the more attribute I would look for prior to acting on the opportunity” (Joe).*

A third Darwinian, Ryan started his feasibility assessment of scenario three while assessing his personal experiences, knowledge and familiarity with the industry.

*“To get involved, I have literally no experience or no knowledge of how the industry actually works whereas the other two I could quite easily see myself getting involved in because I have experience in that space or I can visualise how it could work, this is a bit different” (Ryan).*

*“I suppose, this is probably the one that I am the least comfortable with just because I have no experience how the industry works, which would prove more challenging and difficult” (Ryan).*

He then continues to explore product ideas and product characteristics as part of the content generation for the streaming service. While doing this, he assesses the risk involved in creating content that would be interesting and successful, which he perceives as high.

*“I suppose there are always ways that you could cover on, that could be very interesting to look out for, there are endless topics out there if you really think about it from a storytelling perspective, and the world has enough problems to make enough documentaries” (Ryan).*

*“In this space you have to be quite controversial, I think, to stand out, you have to do things that are quite risky and out there and are either highly interesting or quite controversial” (Ryan).*

At the end he analyses different feasibility aspects of scenario three and tries to find out if the opportunity provides him with a low risk and reliable option. He perceives the opportunity as risky since he does not possess the right experience to produce the right content and is not convinced about his ability to sell the product in the right distribution channels.

*“My assumption would be you need to produce these documentaries first, before you even go and sell it, there is quite a risk there maybe. I suppose again, I do not have really have any experience in this space, or any context that would be a potential risk for me. I would be nervous about that, especially getting into the distribution channel and actually selling these kind of things” (Ryan).*

*“You go out and spend a lot of investment money on a subject or documentary, and then maybe no one is interested in it, and then what? You have to make sure that the whole model is kind of tight up and provides reliability” (Ryan).*

#### **5.1.1.3. Desirability**

Desirability was the third most frequently used dimension during the opportunity evaluation process. Themes related to desirability were less frequently mentioned than themes related to gain estimation and feasibility. The dimension builds on relationships about Darwinians' overall personal identification towards an opportunity and the venture goals that they were interested to pursue. Darwinians wanted to understand in more detail if the opportunity was personally attractive and a personal fit for them but did not really try to adapt the opportunity

towards their identity. For example, they stated that they would find a specific opportunity “interesting” and “cool” or simply that the ideas behind the opportunity sounds good and convincing. They also started to look more inward and reflected about their personal values and motivations. For example, financial motivation towards personal freedom and independence. However, they did not mention any social values that were important for them and should be echoed by the opportunities. Some of them expressed emotions in terms of excitement or likes and similar affections for the ideas behind the opportunities, but it seemed that these emotions and personal associations were most of the times balanced and controlled with the intention to be rational and stay in reality.

It appeared that they tried to keep a certain emotional distance towards the respective business ideas behind the opportunities. This emotional distance also seemed to have an impact on the time that Darwinians spent on evaluating each of the opportunity scenarios, since they did not really make a difference between opportunities in this regard. Each opportunity was assessed timewise in a reasonable and rational way to allow for the time needed to fully understand the profit potential behind each of the scenarios. This way of trying to be rational by balancing their emotions was in line with their personal beliefs that the opportunity should be exciting, but at the same time also work as a potential concept or business idea and entail positive return prospects. Legacy aspects in relation to opportunities, like reflecting about proud to state to others of what you do or to be associated with a specific business idea by others did not matter so much and were merely mentioned by one Darwinian.

Venture goals, which mark another theme in relation to the desirability dimension, were not very clear and specified in more detail by Darwinians. Darwinians did not reflect too much about the value they would want to create with their venture. For example, they mostly did not connect elements they personally identified with, like values, emotions or beliefs, in direct ways with the pursuit of specific venture goals. However, a few mentioned that the venture goals should be in line with the idea of where they would like to see themselves in the future, or that their venture goal should be supportive in helping them to gain their own personal freedom. In summary, most Darwinians focused during their opportunity evaluation on venture goals that affected them only alone or their own needs instead of considering the needs of other people. In this regard, they displayed a clear self-focus.



In terms of venture size, Darwinians again rather delineated a thought process towards rationality. For them, the scale of the venture behind the specific opportunity should reflect the necessary size to make the venture actually profitable and should rather start in a small niche market and validate the demand and need in that specific niche before starting to grow the business. The focus again was more on careful validation before thinking too big and showing to much of an aspiration in relation to the growth prospects and size of the venture. One Darwinian thought about the importance of having an exit strategy in mind as a potential venture goal if pursuing a specific opportunity. He described this venture goal in relation of being acquired by another competitor and therefore being able of skimming the financial value that he created by starting the venture. It appeared that Darwinians are not necessarily in for the long term, but already from the start of the venture concerned with a potential exit strategy to cash in on their financial gains.

To better illustrate the way Darwinians thought about the desirability of the respective opportunities and how they pondered the different elements against each other, some examples will now be provided.

Alex reflected about opportunity two by expressing his personal attractiveness on the one side, but at the same time containing himself emotionally by staying rational and the necessity about assessing the validity of an existing need.

*“.... you can develop a fantastic platform but if, which is technically a fantastic solution, but if it is not solving a problem for anybody than there is no point of doing this” (Alex).*

He also tried to stay neutral and keeps a certain distance during the evaluation process although he selected the opportunity against the other two. He tried to establish this neutrality by outlining the necessity for him to gather more detailed data and to get a better understanding of what are the implications of being involved in such type of business.

*“I want to just see and make sure and engage with both sides of the market and see if there is a real problem to be solved here, because it sounds good to me conceptually but if on the whole students are very satisfied with their current options, I guess, I suppose, maybe there is a better solution to their problems and they just do not know it yet, I suppose, for lots of these things. So I try to look for a bit more data, just on the industry, so to understand it a bit*

*better in terms of the supply and demand in this case, and also just the detailed bits of it and what is involved in actually creating this platform” (Alex).*

Regarding his venture goals, Alex did not reflect about the specific goals he would pursue with the venture. He only referred to the necessary scale that the venture must reach, that would make the venture financially successful.

*“I want to know whether I could, what kind of scale I would need to reach. To get an idea to what kind of scale would we need to actually make this work” (Alex).*

Another Darwinian, Ryan, reflected about opportunity three and described his personal interests in this scenario. Doing this he still appeared to be quite rational and focused mainly on his passion for his family instead of showing an interest in broader social issues.

*“I think that is probably the one where you need to have the most passion for, because it is probably the most personal type of thing, you know, because the content of the story” (Ryan).*

*“Personally, I am not sure if I want to get involved in this venture. I have small children, I am quite passionate about educational TV, very more so than inequality and social justice, which does not interest me personally. So, it is hard to get passionate about those things as much as I am really passionate about my children, so I would in case do something around the children TV space, possible also environmental issues” (Ryan).*

He continued talking about scenario three and how passion would be critical to get that business off the ground. In doing so, he appeared to analyse the necessity of passion for each opportunity but did not show any passion himself. Ultimately, he returned to his priority of assessing the potential for positive financial returns.

*“You need to be passionate probably 70% to get this off the ground and the other could be luck and better financing maybe, whereas the other you do not need to be passionate about the idea and could still make it work, whereas with this one you passion would be key, you really need to be vested in the types of content you are creating to really make it work” (Ryan).*

*“Also, I am not sure about the actual monetarisation, how it works, you know, so how the actual money flows and how all that works, how do you get income through creating content”*  
(Ryan).

Regarding potential venture goals, Ryan remained unspecific and rather vague. He only referred to opportunity two as a scenario in which venture size matters.

*“I suppose, this is a scenario where scale is everything, to really go and sign up as many landlords as possible upfront”* (Ryan).

A third Darwinian, Tom, reflected about his personal interests and passion in relation to his skills and how this would affect the opportunity that he would pursue.

*“I would be interested in something that is based on technology, because that is where my passion lies, and where I can bring the most value and where my skills are”* (Tom).

He then continued to elaborate how the most important personal goals for him would be to have his own freedom and independence. In doing so, he mainly stayed self-focused.

*“But it would not be my goal to rule the world, it would be my goal to freedom, that would be my goal, and freedom to make decisions, yeah, and spend my time in what makes me happy”* (Tom).

Reflecting about his ambitions, Tom only referred to the necessary venture size and scale for the venture to be profitable.

*“I wouldn’t aim to be the massive global leader in it. I would contain it as a smaller size company, in which if you tweak the scale right, the numbers will be correct in terms of what it costs us and regarding the profit that we are driving”* (Tom).

#### **5.1.1.4. Loss estimation**

Interestingly, loss considerations as the last dimension were not so important for Darwinians and received far less references than the other three above mentioned dimensions. Although gain estimation seemed to be prevalent in the opportunity evaluation of Darwinians, cost

considerations as a proxy for financial losses and therefore part of the profit equation did not seem to matter so much. The main themes in relation to loss estimations were investment requirements (funding), general cost considerations and opportunity costs. Only few Darwinians mentioned costs as potentially affecting their interest in a specific opportunity.

For example, Ann, thinks about the costs of getting involved with opportunity scenario three.

*“I guess my more or less fear would be the high production cost that would be needed” (Ann).*

Ryan on the other hand talks about negative and undesired consequences of investing in opportunity three if the need behind the opportunity is not validated.

*“You go out and spend a lot of investment money on a subject or documentary, and then maybe no one is interested in it, there is no need for this, and then what?” (Ryan)*

Susan compared the dream of being a founder with the risks and uncertainties involved, especially by hinting at the opportunity costs of not generating an income while working in a corporate environment.

*“When you weigh it up, you got to look at what you be getting, and you got to compare it with a corporate job but you can not be destitute to follow a dream” (Susan).*

### **5.1.2. The Communitarian Social Founder Identity**

This section looks at the judgement criteria that Communitarians used during ‘thinking aloud’ about the opportunity scenarios in the qualitative phase. The final sample of Communitarians included 6 founders that either were at the nascent stage of founding a venture or had already founded their venture. All founders were first-time founders. It is important to mention here that the results from the online survey in the quantitative part of this research study also showed an a lower number of Communitarians in comparison to Darwinians and Missionaries, which affected the available Communitarian founder sample for the interviews.

A first interesting observation was that, like Darwinians, Communitarians did not prefer or select only a specific opportunity over the other two during their evaluation because of the individual framing of each of the opportunity scenarios. Each opportunity scenario three

attracted 33,33% of the selections, but it is important to note here that the sample of Communitarians was rather small with only just 6 founders, which could have had an influence on the opportunity scenario selection. Table 9 shows the opportunities that were selected by Communitarians after their evaluation of the three opportunity scenarios. Table 9 also shows that the founders with a Communitarian social founder identity selected all scenarios in 33,33 % of times.

**Table 9**  
Founder social identity types and opportunity scenario selection

Communitarian Founder Identity - Participant	How many times quoted in the qualitative analysis	Opportunity Scenario Selected	Percentage (%)
Ted	19 times	Scenario 3	<b>Opportunity Scenario 1</b> <b>33,33 %</b>
Sandy	7 times	Scenario 1	
Doris	10 times	Scenario 3	<b>Opportunity Scenario 2</b> <b>33,33 %</b>
Claire	9 times	Scenario 2	
Jonas	2 times	Scenario 2	<b>Opportunity Scenario 3</b> <b>33,33 %</b>
Nora	3 times	Scenario 1	

*Note: 6 Communitarians, Percentage of how many times participants selected respective scenario*

Based on the findings, Communitarians in general tend to focus more on subjective, personal and implicit judgement criteria. The first order codes employed by me showed that Communitarians focused on certain information in their assessment that was based on trying to get an idea whether the need or problem at the base of each of the three opportunity scenarios was in line with what they themselves recognised or critically acknowledged as a valid need or a desirable issue to focus on. It appeared as if they would try to build a personal and closer connection to the opportunity. It also revealed that Communitarians especially favoured needs that were generally social in nature and in relation to a specific group of people and improving the social relationships between the members of these social groups through products and solutions.

In comparison to the Darwinians, Communitarians let their personal values, emotions or the attraction that they felt towards a specific opportunity guide them in their whole evaluation approach and connected these as personal themed attributes with socially oriented venture goals. In their emphasis on specific social groups and social relationships, most of the Communitarians were pointing out that they would have to change or adapt the presented idea behind the preferred or selected opportunity scenario to fit with their own idea of how the

opportunity should look like to make it interesting for them to pursue the opportunity. In doing so, it appeared that Communitarians show a greater inclination than Darwinians to gather diverse information to find new ideas or approaches for solving problems.

An important part played also that Communitarians showed an awareness about potential risks and challenges associated with the opportunity scenarios. However, it did not seem that these risks and challenges would keep them from pursuing the respective opportunity scenario if the potential production or solution characteristics and the general concept, as well as the necessary knowledge and personal experience would let them find an original and innovative way to solve the problem behind the business idea.

Judgement criteria that were more of an objective and tangible nature and concerned themselves with information about the market, financial considerations, consumers and competition were by far not as relevant for Communitarians. Some of the Communitarians mentioned financial aspects and the need or goal for the potential venture to also be financially sustainable, but these considerations were not at the foreground for Communitarians during the opportunity evaluation.

Finally, other judgement criteria contained references to the government through suggesting involving political institutions in the support of finding a solution for the identified problem behind one of the opportunity scenarios. Communitarians showed in this regard a certain openness and positive attitudes towards political institutions.

Table 10 presents the developed first order codes and second order themes together with the aggregated theoretical dimensions that Communitarians used when they assessed the different opportunity scenarios. Next to the first order codes, second order themes and aggregated theoretical dimensions are columns displaying frequencies. Frequencies refer to the number of times that Communitarians have mentioned the first order codes during the interviews, resulting in an aggregated number of frequencies at the second order theme level and the aggregated theoretical dimensions level.

**Table 10**  
Opportunity Evaluation - Judgement Criteria

First Order Codes	Frequency	Second Order Themes	Frequency	Aggregate Theoretical Dimensions	Frequency
Assessing the personal attractiveness Assessing own values Reflections about social relationships Assessing own emotions Self-Evaluation Reflecting on own's legacy	50 40 38 30 17 1	Personal identification	176	<b>Desirability</b>	<b>266</b>
Identifying social value proposition Assessing the financial sustainability Reflecting about venture size Reflecting about market exit strategies	42 6 2 1	Venture goals	51		
Assessing community related information	39	Social group identification	39		
Assessing risk related information Identifying challenges Assessing the viability Identifying what is doable	15 10 7 6	Perceived Opportunity Conviction	38	<b>Feasibility</b>	<b>80</b>
Reflecting on broader product concepts Reflecting on product related characteristics	12 7	Product related Capabilities	19		
Assessing self-knowledge and familiarity Assessing own experience	14 5	General Capabilities	19		
Identifying various non-financial resources Identifying capital requirements	3 1	Assessment of tangible resources	4		
Estimating the volume and size of the market Assessing the general market characteristics Analysing the growth rate of the market Segmenting the market	5 4 3 2	Understanding of market related Information	14	<b>Gain Estimation</b>	<b>50</b>
Assessing the profit margin Assessing the revenue model	12 5	Understanding of financial implications	17		
Identifying consumer needs Identifying consumer segments Assessing consumer demand	10 2 2	Understanding of consumer related information	14		
Identifying the competitive situation in the market Analysing the strength and size of competitors	3 2	Assessment of the competitive situation	5		
Identifying role of government	6	Institutional environment	6		
Identifying necessary investment (funding)	3	Understanding of costs involved	3	<b>Loss Estimation</b>	<b>3</b>

*N= 6 Communitarians*

As table 10 illustrates, the frequency with which Communitarians mentioned information about the second-order themes in relation to the aggregated theoretical dimension *desirability* (266 times) from the literature was:

- Personal identification *176 times*,
- Venture goals *51 times*, and
- Social group identification *39 times*.

The frequency with which Communitarians mentioned something in relation to *feasibility* (80 times) was:

- Perceived opportunity conviction *38 times*,
- Product related capabilities *19 times*,

- General capabilities 19 times, and
- Assessment of tangible resources *4 times*.

The frequency with which Communitarians mentioned something in relation to *gain estimation (50 times)* was:

- Understanding of financial implications *17 times*,
- Understanding of market related information *14 times*,
- Understanding of consumer related information *14 times*, and
- Assessment of the competitive situation *5 times*.

The frequency with which Communitarians mentioned something in relation to *other judgement criteria (6 times)* was:

- Institutional environment *6 times*.

Finally, the frequency with which Communitarians mentioned something in relation to *loss estimation (3 times)* was:

- Understanding of costs involved *3 times*.

#### **5.1.2.1. Desirability**

Desirability was the dimension most frequently used by Communitarians and was mentioned by far the most in comparison to the other dimensions feasibility, gain estimation or loss estimation. This dimension builds on information regarding relationships about the Communitarians overall personal affiliation towards the opportunities, the venture goals they would aim for if pursuing an opportunity, and the social group that Communitarians would refer to as desired recipients of products or solutions associated with the business idea behind the opportunity scenarios.

Communitarians wanted to understand in more detail if the opportunity was personally attractive for them and that the opportunity fit with their identity. They did this by initially looking inward. For example, they stated that they would find a specific opportunity “interesting”, “cool”, or “fun”, but it would require an alignment with their personal values and experiences, their orientation towards social relationships and their emotions.



It appeared that they started to look inward from the start of the opportunity assessment, and they thought and talked about their personal values and motivations, for example moral issues and the possibility to include or involve people that they knew or certain social groups. They explicitly mentioned social values that were important for them and should be echoed by the opportunities but tried to fit these social values with a potential business concept that would benefit a specific social group or community. They seemed to be driven by this motivation to support a social group or community, although it was not a necessity for them to be a part of that group. Being connected to a member of a social group or community and having therefore deeper knowledge and experience about the specific problems or issues that a certain social group encounters was enough to express empathy by Communitarians and becoming interested to develop solutions to solve these issues. Interestingly each Communitarian seemed to have a different understanding what community actually means for them.

One Communitarian specifically referred to his neighbourhood as the local community, in which people are living in the same space and use the same resources, although their economic and income levels are vastly different. Another Communitarian understood community as a “group of people”, which could be based on different commonalities like interests, language, culture, for example as a spiritual community, or on geographical proximity, where people live around each other in the neighbourhood, or city. She pointed out that she thinks that these communities are formed around certain needs and have different types of people with different backgrounds, who are all part of one community, and these communities can be of narrow or broader nature.

Communitarians also showed an inclination to self-evaluate themselves during the opportunity evaluation process. As mentioned above, it seemed that the opportunity had to fit their identity and they tried to make sure that they would stay consistent in this regard by reminding themselves of who they are while assessing the different opportunities. This self-evaluation could present itself for example in the form of Communitarians searching for an alignment between opportunity elements and their personal values or motivations.

Some of them expressed emotions in terms of excitement or likes and similar affections for the ideas behind the opportunities, and it seemed that these emotions and personal associations were most of the times connected with their values and interests in social relationships. They did not try to keep an emotional distance towards the respective business ideas behind the

opportunities, but instead let their emotions be an active part in their opportunity evaluation process, which also affected the amount of time that they spent on assessing each of the opportunity. If the opportunity did not fit with their identity, they stated that in a fast and clear way and went on to look at the next opportunity. Legacy aspects in relation to opportunities, like reflecting about proud to state to others of what you do or to be associated with a specific business idea by others did not matter so much and were merely mentioned by one Communitarian.

Venture goals, which mark another theme in relation to the desirability dimension, appeared to be more clearly and strongly articulated by Communitarians. Since they seemed to focus their interests on improving problems encountered by certain social groups or communities, Communitarians stated venture goals with a social value proposition or purpose that was in line with their above-mentioned orientation towards social values and social relationships. Financial gains were not considered a priority, but the venture should prove to be financially sustainable. In summary, most Communitarians focused during their opportunity evaluation on venture goals that did not just affect them alone, but instead considered the needs of other people as part of social groups or communities.

In terms of venture size, Communitarians did not seem to place a lot of emphasis towards the vision of the size and scale of the venture behind the opportunity and the potential business idea that they had selected. One of the Communitarians stated that the size of the venture would be in line with her venture goal of creating a community. In this regard, for her, the scale of the venture behind the specific opportunity should reflect the necessary size to make the venture actually work to be of use of building and supporting the social group. Other venture goals as thinking about a potential exit strategy for example to be acquired by another company, were just briefly mentioned by one Communitarian in relation to opportunity scenario one, but not really seen as an important consideration for starting a venture.

To better illustrate the way Communitarians thought about the desirability of the respective opportunities and how they pondered the different elements against each other, some examples are now provided.

Doris, for example, assessed her attraction and interest in opportunity one and two in very clear and oppositional ways. She first articulates her rejection of opportunity one without spending

too much time thinking about it but being very clear the same time that the opportunity would conflict with her values although appearing to be quite lucrative.

*“No, I mean, great business opportunity, way to make a lot of money, terrible for the environment. I feel like this whole like disposable, fast moving consumer goods, like all of that has to completely change, so I disagree with the entire product. I do not know enough about this space, I feel like in order to make this work and to make a lot of money out of it which you would do easily, you would just be causing a lot of other harm in the process. Not something I am interested in and a business opportunity I would never go for” (Doris).*

Moving to opportunity two she shows quite an interest in the opportunity by seeing a purpose behind it and starts to connect the idea to her experiences as a student while extending it to the general need that students have as a social group with finding accommodation.

*“Yes, I mean I think this is interesting and would be helpful I remember being a student recently. I mean it would be good to have a sort of dedicated space that is specific to kind of student needs” (Doris).*

*“I remember I really had a hard time finding a short-term space in Boston when I was there for a while. Long term, short term, just, yes, sure, as a student I was younger, there is a lot around it. It would be nice if it had roommates embedded, find a roommate kind of feature type of feature to able to build connections, or if you get to, things like that, I do not know how that would look like, but yes” (Doris).*

She then continues to confirm to herself that the opportunity is attractive but somehow does not seem to be entirely convinced. She also wonders why that is by getting into self-evaluation and finally coming to the conclusion that she would not pursue this opportunity.

*“I think this is a good idea, there is a lot you could do with it, yes, I mean, if it was...” (Doris).*

*“Why would I not do this?” (Doris)*

*“Yes, I mean, I think I do not feel strong, I do not care enough about the topic, I am very purpose driven person, so if I do not necessarily feel like that, I am...” (Doris).*

Another Communitarian, Claire, showed her rejection against opportunity one also in a quite clear and explicit way.

*“I hate capsules because they are terrible for the environment. I wouldn’t go near this business. It’s a terrible business. I would feel like I sold my soul to the devil if I took that business opportunity” (Claire).*

Claire then continues to look at opportunity two and seems to find some interesting elements there that she connects with problems in the social environment that students are facing. She also refers in this regard to the importance that the forming of a community could have for students.

*“Just because I think that, being a student is such a pivotal time in life, and very little in life prepares you for that, and I see so many young students lost” (Claire).*

*“And there for all the wrong reasons, and I just feel there is space to provide something, constructive to young people, and that would be much more exciting for me as kind of a value added service that also optimises the networks that are created through the accommodation” (Claire).*

*“So, addressing the power of community, and how that community could be creatively, extracted to help students being much more planted and integrated you know, and where they are in life, and much more able to make a contribution at that stage of their lives already” (Claire).*

Ultimately, Claire decides to select opportunity two by matching the opportunity with her own identity through self-evaluation and stating the importance that the potential solution could have in student’s lives.

*“.....when I bring myself in, this one obviously appeals to me because of “who I am”, not the accommodation itself, but it’s the ring of value added services that you can add, the idea that it’s a platform, and that you can add rings of value, value added services that change young people’s life” (Claire).*

A third Communitarian, Ted, started to talk about opportunity two while trying to connect to the need behind the opportunity. But he fails in doing so, although he recognises that there is need behind it, by restoring his own identity in that opportunity.

*“Hmmm, it says the value-added services for the needs of the student community, so what are the needs of the student community - cheap housing, accessibility to transport....”*  
(Ted).

*“So we all need food, there will be always a need for student accommodation, because a lot of these people can stay at their parent’s places, they can not commute because they do not have the transport system that allows it and hey, when you are 18, you want to move out. So, I get that there is a need for something like that, but it does not wow me”*  
(Ted).

*“There are merits for this, student accommodation one, but that is not for me”* (Ted).

Ted then continues to look at opportunity three and gets attracted by the idea and the overlap with his own interests about social topics. During his reflections about the idea, he starts to connect it to his local community and begins to adapt the opportunity towards needs or problems that he sees there.

*“Yes, this one would excite me the most. I think, with movies, through film, through pictures, there is a story to tell, it is much easier to start the movement, to start some change, make things happen”* (Ted).

*“....but it could be branched out further if it is done cleverly enough, but if you start using local actors in that sense, involving the community in that sense, I think the message as part of the purpose-led production could be so much broader and so much more effective in getting it out there”* (Ted).

Subsequently, Ted decides for opportunity three by expressing strong emotions towards the idea behind it.

*“This one just stands out, it screams at me, it says here is an opportunity, let’s do this”*  
(Ted).

*“In this regard, I believe there is an immense opportunity and I am going to code this purpose-led content production using that to achieve a social goal for local communities, so I definitely would be interested in this” (Ted).*

#### **5.1.2.2. Feasibility**

Feasibility was the secondly most frequently used dimension. This dimension builds on relationships about the Communitarians perceived opportunity conviction, general and product related capabilities, and their available tangible resources.

Communitarians wanted to understand in more detail if the idea behind the opportunity provided for a desirable product or solution that was in line with their goal of creating social value for a certain social group or community. For example, they started to look outward and thought about how they could adapt or tweak the opportunity to fit with their conception of a scenario, in which the development of a potential novel solution could help solving a certain problem. It seemed that the opportunity scenario had to resonate with their idea of how an interesting and purpose driven opportunity should look like. In reflecting about potential solutions, it appeared that Communitarians show a greater inclination than Darwinians to gather diverse information and think in a more integrated way to find new ideas or approaches for solving problems.

In doing so, their own knowledge and experience had some influence on their feasibility assessment, although it seemed to be less significant if the opportunity scenario could be aligned with their personal values and their social purpose orientation. Interestingly, besides only one Communitarian, the other ones did not specifically mention involving their network as a potential resource to tap into. Reflections about challenges and risks during the assessment of the opportunity scenarios played also a role but were predominantly mentioned in relation to the ability to achieve the desired solution or outcome behind the business idea, and not in connection with financial considerations.

Communitarians continued then to look more outward by trying to imagine or describe potential products and solutions that could be employed to that opportunity. Some of them specifically talked about involving the community or social group in a collaborative and open fashion during the product development process. They felt that the community as the recipient

of a potential problem solution would be the best suitable one to assess if the solution and certain details would properly address their needs.

To better illustrate the way Communitarians thought about the feasibility of the respective opportunities and how they pondered the different elements against each other, some more examples will be presented.

Doris conducted her feasibility assessment about scenario two by reflecting critically about a need that she perceives as a valid need in the market. In doing so, she positively connects this clarity with her personal values and challenges to provide the solution.

*"...that could be really cool because that would solve a huge need, there is a huge market for it. You could do a good thing, like helping to provide a service that does not exist, and it would not be too difficult to do that" (Doris).*

In contrast to that, she assessed the feasibility of scenario one in a negative manner by questioning the existence of a valid need and stating her lack of knowledge and the misalignment with her personal values.

*"I do not know enough about this space, I feel like in order to make this work and to make a lot of money out of it which you would do easily, you would just be causing a lot of other harm in the process" (Doris).*

Doris continued to think about the way she would develop a solution for the student accommodation opportunity scenario by stating that she would involve students into the design process.

*"But it would have to be designed for their requirements. I think you really have to have students running parts of it, or designing or co-create parts of it, it really has to fully understand student's needs which I am sure you would do over time, and you would adapt and improve" (Doris).*

Another Communitarian, Ted, looked at opportunity three and connects it to the importance of the social connection and social fabric in local communities. He then describes his understanding of social connections inside a local community.

*“I think, there is a huge opportunity to use this kind of purpose-led production to improve the social fabric, the social cohesion of communities like the one I live in”*  
(Ted).

*“If I go out on the street, there is not one morning where I do not greet anyone with good morning or salaam, or, you know, so, and I do the same when I come home. Auntie Patricia comes: “Ted, you know I want to bake a sponge cake this weekend and you know, would you come over for tea?”* (Ted)

*“We have a community where you can borrow sugar from your neighbour, and we have two street parties where we close down the street, twice a year, and we have a braai in the street and everybody comes, and there is a halal braai and a normal braai”* (Ted).

He then continued to reflect on the possibility to involve the community in designing the product and expressed how this would excite him, although it would not be easy to accomplish.

*“But here, I can immediately see, there is going to be a great product, that can really involve everybody, it’s going to be fun making it, of course there is going to be a lot of hard work in this, but it’s going to be fun”* (Ted).

A third Communitarian, Sandy, talks about opportunity one and how she would be excited in helping to build a community, even if there could be challenges and risks, and the financial feasibility would not be given.

*“I would actually love doing something like that because you would really in touch with your workers and support building a community around coffee, to a large extent, you are in farming, then you are into actual manufacturing”* (Sandy).

*“And I do not think it’s impossible to make a difference, it is just going to be tough. But I do not care if I make money, to me it is more about the experience than the money, I am very risk prone”* (Sandy).



### **5.1.2.3. Gain estimation**

Gain estimation was the third most frequently used dimension by Communitarians but was mentioned much less than themes related to desirability. The theoretical dimension built on relationships between information about market, finance, consumer and competition.

Communitarians were aware that certain opportunity scenarios appeared to be positioned in financially attractive market environments and confirmed that there was the potential to create a very profitable business, but it did not really matter for them as much. As mentioned above, the opportunity scenario seemed to be much more interesting for Communitarians, when it was in line with something, they considered desirable, for example their personal values or their social relationship orientation. When Communitarians referred to financial or commercial aspects of a specific opportunity scenario, they pointed out that the venture should be financially sustainable or profitable to be able to support the purposeful venture goal that they would be focused on. Some of the Communitarians talked briefly about the market potential that they could see in an opportunity, but at the same time, they did not reflect deeper on profit or revenue estimations, or mentioned the necessity to gather more data to validate certain thoughts they had about the markets behind each scenario.

It also appeared that some Communitarians did not really feel the need to put in the effort to reflect deeper on the market for each of the opportunity scenarios. As mentioned above, some of the Communitarians were very clear just by looking at the specific scenario, that they would not be interested in that opportunity disregarding the market potential behind it. Important for them was first of all that they could recognise and validate the need personally and that they would find it desirable to pursue this opportunity. All other information about the market, consumer and competition were subordinated to the desirability of the opportunity in a similar way as they had done with considerations about positive financial returns.

As mentioned before, Communitarians were mostly focused on a need they could relate to and that they considered valid or desirable to determine if an opportunity was attractive for them. Since they were not so much interested in something that did not fit their conviction about an existing need, it seemed that they were not as concerned about uncertainties in relation to market characteristics, a potential need, or the competitive situation behind the respective opportunity. One Communitarian even mentioned that he would openly share his business idea

with others or embrace competition to improve the chance of finding a potential solution for the problem behind the opportunity.

To give better insights about how Communitarians reflected about gain estimations during the opportunity evaluation process, some examples will be presented at this point to illustrate the thought process.

Ted, for example, assessed information about opportunity scenario one in this fashion. He mentions that he thinks that there is a market behind the opportunity, but that it does not provide for a novel solution and fit with his personal values.

*“I do not find it novel, even though there is a huge market and there is potential to make a lot of money here, I get that, but just blankly morally I do not/I wouldn’t consider that” (Ted).*

In contrast to that, he assessed opportunity three in a more positive manner by stating that it provides the chance to create social value. He also mentions that the revenue model could be innovative by using a different revenue mechanism than relying on the dependency of selling the content to one of the big streaming providers in the market.

*“In this regard, I believe there is an immense opportunity and I going to code this purpose-led content production using that to achieve a social goal and in doing so making money because the money does not necessarily need to come from the next Netflix subscriptions, the businesses that advertise into this, they can drive a lot of that” (Ted).*

Ted then continued to reflect about income streams that could be aligned with delivering a social good.

*“I think this has a huge opportunity, it would most certainly be able to sell on these channels, so there is an income stream from the advertising to make it sustainable. And there is an opportunity to really do a social good, and make a difference to the viewer, to the people that are part of it” (Ted).*

Finally, when Ted thought about how he would start to develop a solution for opportunity three, he focuses on collaboration instead of competition, and even would go so far as saying that if a competitor develops a better solution, then he would be fine with it.

*“I would just spread the idea because I think if you spread the idea well enough, you find the right people to help you do it” (Ted).*

*“If someone else takes it, they probably do it better than you” (Ted).*

*“I wouldn’t be concerned of losing the opportunity here, I think, there many other opportunities within it, many different angles of doing this” (Ted).*

Sandy remarked in relation to opportunity three how this scenario would help her in reaching people to facilitate change.

*“You run over the risks, this is so completely not money driven, it is really about changing the world, it is a very, very tangible way of bringing a message across, waking people up” (Sandy).*

In contrast to that Sandy assessed opportunity two positively in relation to its profit potential but does not relate to the idea behind it due to her own personal reasons and what she considers desirable for her. Personal fit with an opportunity is more important for her than the sole prospects of financial gains.

*“The student accommodation platform, I think you would be able to generate a lot of cash and profit, and your overhead costs are pretty low” (Sandy).*

*“I would feel separated from it, I love interaction with people. I love true face to face interaction instead the electronic world, which is a little bit of a call centre feeling...” (Sandy).*

*“I won’t be the person who would drive and run this business” (Sandy).*

A third Communitarian, Claire, tries to focus on the pivotal need that resonates with her during evaluation of opportunity two, and then starts reflecting about the potential for commercialisation after establishing that the need is valid for her.

*“The accommodation would just be the excuse, it also locates you in the market, you know, that, you know, particular target market to the world needs” (Claire).*

*“And I just feel there is a space to provide something, constructive to young people” (Claire).*

*“So there is a commercialising around that, and you could create a mix of services and products on that platform that has never been seen before and that could make a massive difference to young kids that sign onto this platform making the most of that pivotal time in their lives” (Claire).*

#### **5.1.2.4. Loss estimation**

Loss considerations appeared not to be as important for Communitarians as they received far less references than the other three above mentioned dimensions. Only one Communitarians reflected about costs in relation to investment requirements (funding). General cost and opportunity cost reflections were not talked about.

Only Ted thought about the required investment costs to get scenario three funded and considered to get investors involved.

*“The money is most certainly out there to invest in profitable projects so if you get big enough, get investors into it, I mean, just every, all the local businesses that would be willing” (Ted).*

#### **5.1.2.5. Other judgement criteria**

Communitarians also seemed to be open to collaborate with political institutions. Two of them mentioned the government as being an important partner in supporting the social purpose they were trying to target as their venture goal during the opportunity evaluation process.

Ted, for example, talked about the importance of getting the government involved and seemed not be hesitant to directly contact and share his idea with a political institution in relation to opportunity three.

*“City of Cape Town would be definitely one, the local departments, or Art’s department, like the Government institutions. I would pick up the phone and try to find out who I can talk to, without worrying too much about it. I would try to get an interview or a meeting with somebody, this is the idea, even though you do not have a script” (Ted).*

Another Communitarian, Sandy, also mentioned to connect with the government to get support for her idea behind scenario one.

*“...and I think that you get on a governmental level, you know, if you can link with government, and getting them involved together with the community on a maybe title deed level for farming, that kind of thing” (Sandy).*

### 5.1.3. The Missionary Social Founder Identity

This section looks at the judgement criteria that Missionaries used during ‘thinking aloud’ about the opportunity scenarios in the qualitative phase. The final sample of Communitarians included 15 founders that either were at the nascent stage of founding a venture or had already founded their venture. All except for one founder were first-time founders.

A first interesting observation was that like Darwinians and Communitarians, Missionaries did not prefer or select only a specific opportunity over the other two during their evaluation because of the individual framing of each of the opportunity scenarios. However, opportunity scenario two seemed to be slightly more interesting since it attracted 40% of the selections, whereas opportunity scenario one attracted 33,33% and three each just attracted 26,66%. Table 11 shows the opportunities that were selected by Missionaries after their evaluation of the three opportunity scenarios.

**Table 11**  
Founder social identity types and opportunity scenario selection

Missionary Founder Identity - Participant	How many times quoted in the qualitative analysis	Opportunity Scenario Selected	Percentage (%)
Adrian	4 times	Scenario 2	<b>Opportunity Scenario 1 33.33 %</b>
Brian	0 times	Scenario 3	
Leo	5 times	Scenario 3	
Raj	12 times	Scenario 1	
Brad	0 times	Scenario 3	
Erin	0 times	Scenario 2	<b>Opportunity Scenario 2 40 %</b>
Nick	14 times	Scenario 1	
Laura	11 times	Scenario 2	
Sam	2 times	Scenario 1	
Omar	1 times	Scenario 2	
Gavin	0 times	Scenario 1	<b>Opportunity Scenario 3 26,66%</b>
David	2 times	Scenario 2	
Patricia	1 times	Scenario 1	
Michael	0 times	Scenario 3	
Karen	0 times	Scenario 2	

Note: 15 Missionaries, Percentage of how many times participants selected respective scenario

Based on the findings, Missionaries in general tend to focus more on personal judgement criteria, but with a strong orientation towards substantiated broader social needs. The first order codes employed by me showed that Missionaries focused on certain information in their assessment that was based on trying to get an idea whether the need or problem at the base of each of the three scenarios was in line with the possibility to create social impact or pursue a social mission. At the same time, it seemed as if they would try to build a personal and closer connection to the opportunity based on their personal values and their own experience, and in this regard critically acknowledged the social need as a desirable issue to focus on. Missionaries also gave the impression that they were not prevented from dealing with transformation or overcoming broader challenges due to the nature of the social problem, if they are convinced that pursuing this social mission will lead to broader social impact.

Similar to Communitarians, Missionaries let their personal values, emotions or the attraction that they felt towards a specific opportunity guide them in their whole evaluation approach and connected these as personal themed attributes with a broader socially oriented mission or venture goals. In their emphasis on broader social needs, most of the Missionaries were pointing out that they would have to identify the importance or immediateness of the social need behind the presented opportunity scenarios to fit with their own idea of how the opportunity should look like to make it interesting for them to pursue it.

An important part played also that Missionaries showed an understanding about the feasibility in regard to potential broader challenges and the viability associated with the opportunity scenarios. However, it did not seem that these challenges would keep them from pursuing the respective opportunity scenario. They rather showed some considerable conviction in developing a potential product or solution, if their knowledge, personal experience and social network would support them in finding a way to solve the problem behind the social need.

Furthermore, judgement criteria that were more of an objective and tangible nature and concerned themselves with information about the market, financial considerations, consumers and competition were additionally relevant for Missionaries. Missionaries were focused on solving a problem in relation to a social need but were aware about the necessity of forming a financially sustainable venture to support the social mission. In this regard they tried to explore the market characteristics around the social need, if the market provided for a sufficiently large

market size and considered financial aspects as part of finding a suitable revenue model and adequate profit margins.

Similar to Darwinians and Communitarians, Missionaries did not place too much emphasis on thinking about losses. However, keeping operating costs under control to create a sustainable business and the challenge of acquiring the necessary funding for starting the venture mattered to them.

Finally, other judgement criteria contained references to perceived time considerations, a certain perspective because of their current professional role, remarks in relation to the overall business model behind the respective opportunity scenarios, and reflections regarding the involvement of governmental institutions.

During the opportunity evaluation process with interviewees belonging to the Missionary typology, two cases came up that showed exceptions in the way founders evaluated the opportunity scenarios. One of the interviewees was not a first-time founder, but serial entrepreneur, who had founded several successful ventures in the past. The other interviewee had worked for long as an executive manager for operations in wildlife conservation before becoming a co-founder at a private non-governmental wildlife conservation agency. These two cases will be discussed further discussed in section 4.1.5.

Table 12 presents the developed first order codes and second order themes together with the aggregate theoretical dimensions that Missionaries used when they assessed the different opportunity scenarios. Next to the first order codes, second order themes and aggregate theoretical dimensions are columns displaying frequencies. Frequencies refer to the number of times that Missionaries have mentioned the first order codes during the interviews, resulting in an aggregated number of frequencies at the second order theme level and the aggregated theoretical dimensions level.

**Table 12**  
Opportunity Evaluation - Judgement Criteria

First Order Codes	Frequency	Second Order Themes	Frequency	Aggregate Theoretical Dimensions	Frequency
Assessing own values Assessing the personal attractiveness Assessing own beliefs Assessing own emotions Self-Evaluation Self-Evaluation	136 77 35 21 16 6	Personal identification	291	Desirability	412
Identifying social mission or social impact Reflecting about venture size Assessing the financial sustainability Reflecting about market exit strategies	85 25 9 2	Venture goals	121		
Identifying challenges Identifying what is doable Assessing the viability Assessing risk related information	46 28 21 10	Perceived Opportunity Conviction	105	Feasibility	231
Reflecting on broader product concepts Reflecting on product related characteristics	18 14	Product related Capabilities	32		
Assessing self-knowledge and familiarity Assessing own experience Assessing own social network Assessing own skill-set	51 17 12 7	General Capabilities	87		
Identifying various non-financial resources Identifying capital requirements	4 3	Assessment of tangible resources	7		
Estimating the volume and size of the market Assessing the general market characteristics Estimating the price points in the market Analysing the growth rate of the market Segmenting the market	19 18 9 8 8	Understanding of market related Information	62		
Assessing the profit margin Assessing the revenue model	33 26	Understanding of financial implications	59	Gain Estimation	211
Identifying consumer needs Assessing consumer demand Identifying consumer segments Assessing consumer feedback and expectations	24 12 5 5	Understanding of consumer related information	46		
Identifying the competitive situation in the market Competitive Strategy Analysing the strength and size of competitors	20 18 6	Assessment of the competitive situation	44		
Assessing willingness to invest personal time Assessing the time to financial pay-back Assessing the time to exit the market	12 9 6	Perspective of time	27		
Analysing through professional perspective Identifying business concept Identifying role of government	20 9 7	Role identification Understanding of business model Institutional environment	20 9 7		
Assessing various costs involved Identifying necessary investment (funding) Assessing opportunity costs involved Analysing the loss potential	13 9 3 1	Understanding of costs involved	26	Loss Estimation	26

N= 15 Missionaries

As table 12 illustrates, the frequency with which Missionaries mentioned information about the second-order themes in relation to the aggregated theoretical dimension *desirability* (412 times) from the literature was:

- Personal identification 291 times, and
- Venture Goals 121 times.

The frequency with which Missionaries mentioned something in relation to *feasibility* (231 times) was:



- Perceived opportunity conviction *105 times*,
- General capabilities *87 times*,
- Product related capabilities *32 times*, and
- Assessment of tangible resources *7 times*.

The frequency with which Missionaries mentioned something in relation to *gain estimation (211 times)* was:

- Understanding of market related information *62 times*,
- Understanding the financial implications *59 times*,
- Understanding of consumer related information *46 times*, and
- Assessment of the competitive situation *44 times*.

The frequency with which Missionaries mentioned something in relation to *other judgement criteria (63 times)* was:

- Perspective of time *27 times*,
- Role identification *20 times*
- Understanding of business model *9 times*, and
- Institutional environment *7 times*.

Finally, the frequency with which Missionaries mentioned something in relation to *loss estimation (26 times)* was:

- Understanding of costs involved *26 times*.

#### **5.1.3.1. Desirability**

Desirability was the dimension most frequently used by Missionaries and was mentioned by far the most frequent one in comparison to the much less mentioned dimensions feasibility, gain estimation or loss estimation. This dimension builds on relationships about the Missionaries overall personal affiliation towards the opportunities, the venture goals they would aim for if pursuing one of the different opportunity scenario, and the broader social needs that Missionaries would refer to as desired challenges associated with the business idea behind the opportunity scenarios.

Missionaries wanted to understand in more detail if the opportunity was personally attractive for them and that the opportunity fit with their identity. They did this by looking initially inward. For example, they stated that they would find a specific opportunity “interesting”, “cool”, or “fantastic”, but it would require an alignment with their personal values and experience, their personal vision, or what they want to do with their life. It appeared that they started to look outward from the start of the opportunity assessment, and they thought and talked about social needs and challenges, and the value that the idea behind the opportunity would provide for the society or world. They explicitly mentioned social values that were important for them and should be echoed by the opportunities. Interestingly, they would start looking not just for the possibility of value creation, but more importantly for the possibility of more equal and inclusive value distribution, which could involve challenging the status quo in the industries behind the opportunity scenarios. They appeared to be driven by this motivation of a social mission to support more inclusivity on a society level, by thinking of providing access to certain needs for groups in the broader population that were excluded from these needs until today. They were also considering the problems or issues that these disenfranchised groups were experiencing in their daily life by expressing empathy and compassion and becoming interested to develop solutions to solve these issues.

Furthermore, Missionaries similarly to Communitarians seemed to have an inclination to self-evaluate themselves during the opportunity evaluation process. As mentioned above, it seemed that the opportunity had to fit their identity and certain experiences they had made in their life, and they tried to make sure that they would stay consistent in this regard by reminding themselves of what their personal values, motivations and vision are while assessing the different opportunities. This self-evaluation could present itself for example in the form of Missionaries searching for an alignment between opportunity elements and these personal values, motivations or vision.

Some of them expressed emotions and in terms of excitement or likes and similar passions for the ideas behind the opportunities, and it seemed that these emotions and personal associations were most of the times connected with their values and interest in broader social needs. They did not try to keep an emotional distance towards the respective business ideas behind the opportunities, but instead let their emotions be an active part in their opportunity evaluation process, which also affected the amount of time that they spend on assessing each of the opportunity. If the opportunity did not fit with their identity, they stated that in a fast and clear

way, but nevertheless spent enough time to evaluate the possibility of finding the broader social need or change of current value distribution in each of the opportunities. Legacy aspects in relation to opportunities like reflecting about being personally associated with the fact that they built that respective venture or were part it, were mentioned by two Missionaries.

Missionaries had strong beliefs about certain broader societal deficiencies in society today. They were critical about shortcomings of sole profit orientation in capitalism and showed an interest in social challenges and articulated problems of exclusivity and inequality in relation to value distribution and access to certain products and services.

Their venture goals similar to Communitarians were clearly communicated. They stated their interests in venture goals with the possibility for a social mission or social impact in line with personal experiences from the past. Their priority was to create a social value proposition as core part of their venture, but also mentioned that the venture would have to be financially sustainable. In summary, most Missionaries focused during their opportunity evaluation on venture goals that did not just affect them alone, but instead considered the needs of other people, where they could see the benefit for broader social impact by improving living conditions.

In terms of venture size, Missionaries seemed to have the ambition and the vision for the size and scale of the venture behind the opportunity and the potential business idea that they had selected. Since they wanted to reach as many people in their effort to solve issues around broader social needs, they reflected about a venture size as large and scalable as possible to support their social mission of tackling the challenges to reach their goal. Other venture goals as thinking about a potential exit strategy were just briefly mentioned by one Missionary. It appeared that Missionaries are in for the long term, and therefore at the beginning not concerned with considerations about a potential exit from the venture they want to start.

To better illustrate the way Communitarians thought about the desirability of the respective opportunities and how they pondered the different elements against each other, some examples will be presented now.

Nick, for example, assessed his attraction and interest in opportunity one in a very clear way. He first articulates his personal attraction to the opportunity but being at the same time aware that the opportunity could identify South Africa at the centre of the idea.

*“I think, if I look at scenario 1, the coffee capsule part, I really, really love the idea, although I am not much of a coffee drinker, I like the ability of going out and building this particular business” (Nick).*

*“I definitely love the fact that Africa is a plain in terms of being able to provide the market globally of coffee drinkers. I would love that South Africa should be at the heart of that, I do know that Uganda is leading in terms of tea, but I love a narrative where coffee comes from South Africa” (Nick).*

He then continued to reflect about the possibilities for a change in the coffee industry by providing for a broader value distribution, which would position the African continent as a vanguard for a different value creation by including the farmers who cultivate the coffee beans.

*“I do think that the coffee industry definitely has to attribute value to the farmers” (Nick).*

*“I think if the opportunity is large enough about positioning the continent as a value creator such as that there is a further downstream value creation, especially if you can do it at a global level, in uplifting people from poverty, from giving people some dignity around having a good work, I think that would be a really good approach” (Nick).*

Finally, Nick described his general inclination of looking at elements of opportunities, which would allow for an alignment between his personal values and broader social impact, but at the same showing the importance in the belief of the African identity.

*“When I look at these opportunities, I try to understand what level of social impact and who should get that. I think we need a world where you can probably create more value that is focused on a social justice mission and environmental issues” (Nick).*

*“I do believe in the importance that from my African heritage and from an African context perspective, we have to think about how we want to position Africa on the global scale” (Nick).*

Another Missionary, Raj, started to reflect critically about opportunity one from a personal experience, where he is not convinced about the broader public health implications of coffee although he himself enjoys drinking it.

*“I mean, I drink a lot of coffee, so I agree, I mean, I love the taste of and the energy kick that it gives you, but then from a long term health point of view, especially with rising awareness around depression, anxieties, etc.. It isn’t good in the long run to thwart sleep patterns, there are many effects, and I think the way we are drinking it especially in western societies is a bit too much” (Raj).*

He then appeared to show more interest in opportunity one by thinking about value sharing possibilities. He identifies the broader social need of farmers of being included in the value sharing and to be able to generate a viable income.

*“And when we look at the breakdown of how much the average African farmer earns from each cup of coffee capsule sold, it is miniscule, I forgot the percentage, 0,05% something silly like that, that is bean to cup at Starbucks in the States” (Raj).*

*“So, if it is possible to maybe build a relationship with African farmers, and make sure they will have a slightly higher profit share in that imported, or have them maybe given the skills to produce the coffee capsules and then sell to us, something like that” (Raj).*

*“It would be good to start to give a little bit more power to the Farmers that work with that, because I think coffee is quite an exploitative business venture generally, globally” (Raj).*

Raj concluded his reflections about opportunity one by being unclear about the attractiveness of the scenario by touching on both of the above-mentioned thoughts.

*“My personal take is that the trend of coffee drinking should start dropping in time, especially in the west, I think the higher health consciousness is kind of starting to take place, people are getting more and more health conscious” (Raj).*

*“And I think if I would consider to get into this, it would be more, trying that African farmers get something more as what they are receiving now, it is a bit of a complicated scenario” (Raj).*

A third Missionary, Laura, assessed opportunity two by showing awareness for a broader social need in South Africa for student accommodation, but also recognises potential limitations in tackling this social need.

*“So, this venture, so for me the whole point here is, there is a real need particularly here in South Africa, I mean, we had real issues about student accommodation and the shortage of it” (Laura).*

*“So, yes, because I think, just people, you know, just ordinary people with a spare room, I do not know how far we could go to solving a big problem” (Laura).*

Aware about the size of the need and the implications, she continued to discuss the need for finding a broader solution approach together with a sustainable value creation to tackle this problem.

*“But my head goes towards, you know, how do we involve governments, how do we get the right buildings built, to be honest, I mean the kind of Airbnb feels fine but it is a bit small for a big problem” (Laura).*

*“And yes, it feels to me there is so much money in education that is misspend somehow and somehow that could be directed into this, I think that would be a real value add” (Laura).*

Ultimately, Laura started showing an interest in pursuing opportunity two, but states that she would probably choose another business concept to be better able to create social impact for this social need with the challenge at the same time of making it financially sustainable.

*“So, for me, I would be really keen to understand beyond the platform, rather than just being an Airbnb, is it an opportunity to actually get into the development of accommodation” (Laura).*

*“I do not think it is a nice and easy platform, students finding themselves some accommodation, but I think there is a bigger issue to solve here, a more fundamental issue with bigger social impact” (Laura).*

*“Yes, I mean, you would have to think very hard how to make that into a sustainable business, but that would probably still be the most interesting one for me” (Laura).*

### **5.1.3.2. Feasibility**

Feasibility was the secondly most frequently used dimension. The dimension builds on relationships about the Missionaries perceived opportunity conviction, general and product related capabilities, and their available tangible resources.

Missionaries wanted to understand in more detail if the idea behind the opportunity was feasible to develop a desirable solution that was in line with their goal of supporting a social value proposition or creating social impact for a broader social need. For example, they started to think about the challenges involved to be able to generate social impact, but also paid attention to the fact that the opportunity is doable for them and they could see the viability of the opportunity. It seemed that their knowledge and experience with the respective scenario made them more aware about the implications it would have to deliver a solution for the “immediate” and “bigger” social problems. This gave them a first indication if they perceived the opportunity as “easy”, “serious” and “difficult”, or “complicated” and “tricky”. Interestingly it did not seem that they were held back or affected in their overall confidence by these indications that portrayed their assessment of the opportunity as being challenging to pursue their focus on delivering social impact. Some of them even embraced the difficulty or challenges that they recognised in the respective opportunity scenario if they were able to see the potential for solving a problem based on a broader social value proposition. The focus in their feasibility assessment appeared to be to find the right product or solution for benefitting and include as many people as possible even if this would entail challenges of changing the legal status quo or replace solutions that were already available in the market but contained certain deficiencies.

The use of their social network did not play such a role for Missionaries in their considerations. Just two Missionaries mentioned talking to people they know to get a better understanding for the viability of the opportunity. Reflections about risks during the assessment of the opportunity scenarios played also a role, but again were predominantly referred to the risk in relation to the ability to achieve the right solution, and not in connection with financial considerations. But as mentioned before, financial sustainability also mattered for Missionaries.

Missionaries continued then to imagine or describe potential products and solutions that could be employed to that opportunity to target the right broader social need but focused again more

on the involved challenges. It felt as if they were absorbed with finding a fit between their identity and their idealistic idea of delivering social impact, concerning themselves with the challenges involved, and trying to build a financially sustainable venture all at the same time. Some of the Missionaries questioned their own personal fit with the opportunity by self-evaluating themselves. They reflected about who they felt they are and if they would be motivated to pursue this opportunity.

To better illustrate the manner in which Missionaries reflected about the feasibility of opportunities and how they pondered the different elements against each other, some examples will now be provided.

Ben reflected positively about opportunity three but showed some reservations about the feasibility to develop the content as main part of the service in line with his personal ideas and beliefs.

*“Yes, so, creative content is not my will house, but this sounds like a fantastic project to be part of” (Ben).*

*“It also sounds like it would be very difficult to stay apolitical which is a bit of turn down for me, because as soon as you are doing mass influence of norms, yes, you push people to choose a political camp and run with that, so that would be a huge kind of drawback to me being involved” (Ben).*

He then continued to think about the implications of getting funding for this venture and how this would potentially influence his vision for the whole idea.

*“Also, you know, it is like who is funding it, so the problem with this kind of thing, because it becomes political you have to be so careful who is investing in you, because whoever gives you the money is going to basically own the production house and the narrative, and so one reason while I am careful with that, you suddenly end up as your job takes stories you do not believe in” (Ben).*

Another Missionary, Leo, is also drawn towards opportunity scenario three by believing that he understands the broader social need behind it and thinking about how the content could be developed to best serve this need.



*“Ok, I understand what it is saying, and I understand the importance of the need. I do think people sort of to put bluntly watch a lot of nonsense. So yes, I think the need is fantastic, the idea is fantastic” (Leo).*

*“....but it would take a unique team to essentially get this purpose together, because you need to have people that really care about the world, care about environmental issues, political issues, you know, how people can be alleviated out of poverty” (Leo).*

Leo then continued to reflect upon the fit between his idealistic vision of generating social impact and creating a financial sustainable venture at the same time. By doing this he questioned the willingness of the existing streaming provider to show a serious interest in educating the population.

*“The question that I would have as an entrepreneur is, because you are building a business, for example we want to make this thing free if we could, but we can not because we have to build a sustainable business, if there is no business you can not get a product out there” (Leo).*

*“So, because service providers like Netflix, Disney and Apple would be probably customers, you know, my question would be, would they be interested in this, how far would they be willing to sort of put aside money and buy into this, and focus a little bit more on real world issues and trying to inform people” (Leo).*

A third Missionary, Nick, tried to look for fit between his identity and his goals of a more inclusive value distribution during the evaluation of opportunity one. He then questioned himself about his willingness to develop the necessary motivation to tackle the challenges involved with this scenario in comparison to another scenario.

*“I think if I would build a business on top of this, I would try and figure out how value distribution would go down further in the value chain to attribute more value to the farmers” (Nick).*

*“I wonder if I will wake up with a high level of energy to build a coffee business, I am not sure about this. But then again, I feel that my energy would be better utilised to build the coffee business compared to the film business” (Nick).*

He then continued to look at opportunity two in a similar fashion by critically validating his understanding of the social need behind it and by again questioning his motivation and willingness to endure the necessary efforts to start this venture.

*“I understand how there is a narrative where a student can die trying to find accommodation, but it’s not that, it is not immediate enough” (Nick).*

*“I think somebody definitely needs to build this business; I am wondering if it is me. Will I wake up and put 16 a good, top hours of work on this on a daily basis, the answer is no” (Nick).*

#### **5.1.3.3. Gain estimation**

Gain estimation was the third most frequently used dimension, which builds on relationships between market, consumer, finance and competition related information.

After exploring the different opportunity scenarios for a possible alignment with the creation of a social mission or social impact based on broader social needs as discussed above, Missionaries wanted to understand the opportunities in more detail. They specifically estimated the market size and assessed general market characteristics to get a better understanding of the market volume, if the market was growing or not, and if they were dealing with a new or an established market.

In their emphasis on finding a solution for a broader social need, Missionaries were not focused on merely finding a need for profit generation purposes. Given this, they were not as concerned with risks and uncertainties in regard to the validation of the demand behind the need since they had clear ideas about the existence of the social need and the potential to create social impact.

Missionaries were aware that certain opportunity scenarios appeared to be positioned in financially attractive market environments and confirmed that there was the potential to create a very profitable business, but it did not really matter for them as much. As mentioned above, the opportunity scenario seemed to be much for interesting for Missionaries, if it was in line with something, they considered personally desirable, for example based on their personal values or experience, and their priority of creating social impact.

When Missionaries referred to financial or commercial aspects of a specific opportunity scenario, they pointed out that the venture should be financially sustainable or profitable to be able to support their priority of creating social impact.

Some of the Missionaries briefly thought about the competitive situation in the respective markets behind the opportunity scenarios. Interestingly, they did not feel impressed by potential competitors in the market as long as they could recognise an unresolved need. The reason for this was their focus on following a different strategy by understanding certain gaps in the market, which would allow them to create value for parts of the population that were not included in the offerings by established incumbents until now.

This information processing in relation to gain estimation was validated with their goal of targeting a broader social need and their intention to create a financially sustainable venture. Since they were not so much interested in something that did not fit their conviction about an existing broader social need, it appeared that they were not as concerned about risks and uncertainties in relation to market characteristics, potential consumer needs, or the competitive situation.

To give better insights into how Missionaries reflected upon gain estimation during their opportunity evaluation process, some examples will now be provided.

Laura, for example, looked at scenario two and although recognising the validity of the broader social need, she points out that she questions the sustainability of the revenue model.

*“So, this venture, so for me the whole point here is, there is a real need”*

(Laura).

*“Students are endlessly poor and short of money, so, I think I would struggle to understand the revenue and financial model”* (Laura).

She then continued to outline that the validation of the financial sustainability matters to her since she perceives financial sustainability as a necessity to be able to provide social impact.

*“As an entrepreneur I struggle to understand the economics of a business like this, and that’s, for me being in business, as much as it is about the social mission and your purpose, it is about being sustainable and if you got to have an impact you have to be sustainable” (Laura).*

Another Missionary, Raj, liked the idea around scenario three and started thinking of developing a purposeful content production while being concerned about the viability of the business and trying to understand the financial implications.

*“Yeah, I think that is a great idea, I do not have issues with that and it is quite powerful to create awareness” (Raj).*

*“The issues would be finding a way to make money out of that cause in the initial kind of period where quality is going to be quite low, the direction people not really believing in it until it grows, and then that period, how do you capitalise, how do you make that happen” (Raj).*

He continued to be attracted by the opportunity and started reflecting on the challenges of creating a financially viable revenue model around the business idea.

*“I think if you can take care of that initial uptake, if I have a story about South African crime and we talk about these issues and no one will care, and then how do we make sure that it is interesting and how do we monetise that. I think that is a complicated thing to monetarise media, yes, that’s a tough one” (Raj).*

*“So, it is tough, I think coming from this context, wanting to enter a subscription service where people are willing to pay” (Raj).*

A third Missionary, Nick, perceived the attractiveness of scenario three by allowing for the creation of purposeful content to generate social impact.

*“I think that the documentary angle is quite attractive, I do think that the social impact is quite attractive for this” (Nick).*

*“I think we need a world where you can probably create more content that is focused on a social justice mission and environmental issues” (Nick).*

He continued his opportunity evaluation by assessing the market characteristics in the streaming industry and starting to question the likelihood of creating a viable revenue model due to the current market dominance of the streaming providers along the value chain in the industry.

*“I am just not happy with the fact that there is probably a 30/70 split where I have a very strong feeling Netflix gets the better portion of the deal, you may get 30% of revenue, but you have a significant amount of costs, your profit margin is not as much as Netflix” (Nick).*

#### **5.1.3.4. Loss estimation**

Similar to Darwinians and Communitarians, reflections about potential losses were not so important for Missionaries. This dimension received far less references than the other three dimensions. The main loss estimation themes were general cost considerations, investment requirements (funding) and opportunity costs. Some Missionaries were mentioning the importance of keeping costs at a manageable level to provide for financial sustainability and discussed certain cost categories. In doing so, interestingly, they were concerned about funding and income requirements, and how finding the right investors could prove to be a challenge to allow for positive financial returns and not compromising their ideas for developing a solution for social impact.

For example, Diane, reflected about the costs of getting involved with opportunity scenario three, and balancing financial viability with the generation of purposeful content.

*“Here, my head goes to the extent to which one can make documentaries user generated, in terms of kind of keeping costs down and very real, without it being stupid reality TV stuff” (Diane).*

Ben on the other hand is concerned about the influence that potential investors could have on the type of purposeful content production he was thinking of as part of scenario three.

*“Also, you know, it is like who is funding it, so the problem with this kind of thing, because it becomes political you have to be so careful who is investing in you, because you know, whoever gives you the money is going to basically own the production house and the narrative, and so one reason while I am careful with that, you suddenly end up as your job takes stories you do not believe in” (Ben).*

Another Missionary, Raj, reflected about the opportunity costs and financial challenges of not generating an income out of the venture in the beginning. He believed that it will take some time until he would be able to produce purposeful content in a fashion that it would resonate with his personal ideas and potential viewers.

*“The issues would be to find a way to make money out of that cause that initial kind of period of quality being quite low, direction people not really believing in it until it grows, and then that period, how do you capitalise, how do you make that, if I produce something, no one is watching is, it is still growing, my ability of a story teller is not up there yet. I am not making a lot of income in the beginning, so there will be a lot of burn for a few years, before there is enough marketing and uptake, and then I will start produce income people want to put me into Netflix...” (Raj).*

#### **5.1.3.5. Other judgement criteria**

Missionaries also used some other judgement criteria that were not related to the aggregated theoretical dimensions in the literature (Scheaf et al., 2020). Interestingly, time considerations were a main judgement criterion in this regard. Missionaries evaluated time implications from different perspectives and not just under financial considerations as Darwinians did. They assessed time, for example, under the aspect of personal willingness to immerse themselves in an opportunity, time in relation to financial pay-back periods, or how fast their knowledge and experience would allow them to enter the market.

Ben, for example, expressed his lack of conviction to spend time to create a venture based on scenario one since he has different desires of how he wants to create value.

*“I do not see adding value to the world, so like, you only live your life once, and I do not see that could be my life’s investment to reduce the cost or making better coffee capsules, so that people have enough ways to drink coffee” (Ben).*

Diane on the other side considered the amount of time it would take to generate profits but stated at the same time that this was not her utmost priority. She also perceived the possibility for a fast market entry as an important time aspect.

*“...you need to look at things that have a quick payback period, you need to look for the profit margin. I know those things, but I won’t say that they are the most important things to me” (Diane).*

*“You also do not want a long runway and have to wait ages to get to the market, so speed to market is really important to me” (Diane).*

Similar to Communitarians, Missionaries also appeared to be open to collaborate with political institutions. Two of them mentioned the government as being an important partner in supporting the social purpose they were trying to target as their venture goal during the opportunity evaluation process. However, in contrast to Communitarians, Missionaries were aware that this could prove to be challenging.

Raj assessed the viability of scenario two by reflecting about the challenges to create a socially just and inclusive platform. During his evaluation, he considered the possibility of involving a government institution to be able to draw closer to achieve his idealistic goals.

*“In an ideal scenario the platform could work as a vetting mechanism, yes, but I think, in my experience or South African scenario, you need some level of middlemen to take care of those racial and societal biases, and I think it is tough doing that without a university or government structure being in the middle” (Raj).*

Laura on the other side thinks that the generation of a solution to solve the need outlined in scenario in a more sustainable fashion would require the broader involvement and collaboration of private enterprises and public institutions.

*“In South Africa, we have a huge issue with half of our students starving apparently, literally, putting some food in their bellies, which why I think it is a complicated issue, which actually demand a lot of kind of players, and I think government and private enterprises would have to collaborate in this thing “*  
(Laura).

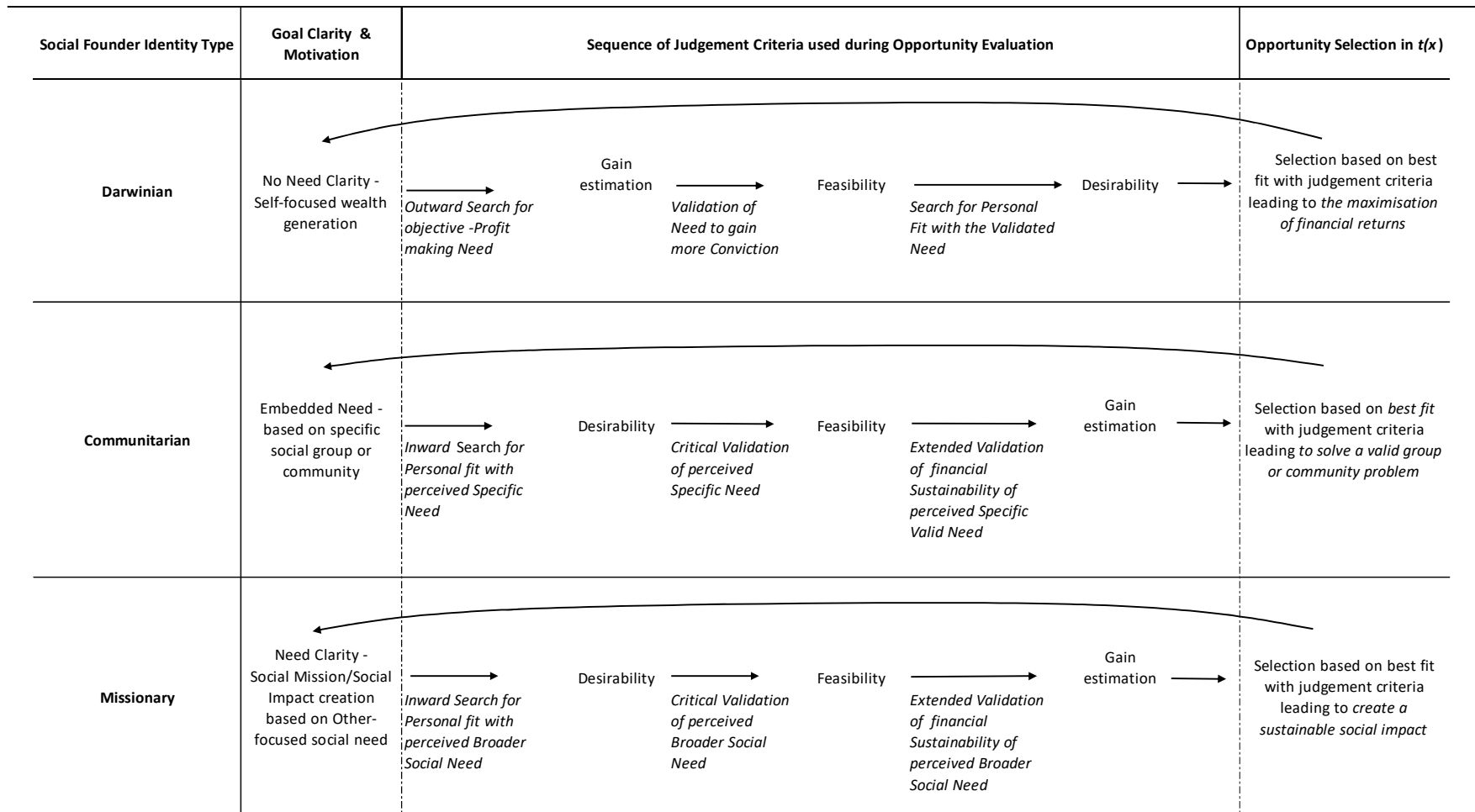
During the opportunity evaluation process with informants belonging to the Missionary typology, two cases came up that altered in the way they approached their opportunity evaluation process. Both cases contained different role related perspectives as the other Missionaries and were the only ones that made references to business models. These cases show important deviations and could affect the generalisation of the findings in this chapter. They are therefore separately discussed later in this chapter under section 5.1.5.

## **5.2. Cross-Case Analysis between Social Founder Identity Types**

The findings described above revealed that Darwinians, Communitarians and Missionaries appear to use mostly similar judgement criteria during opportunity evaluation but use these criteria in different combinations and sequences as part of their evaluation process. Missionaries also added other judgement criteria in addition to the judgement criteria based on gain estimation, desirability, feasibility and loss estimation (Scheaf et al., 2020), for example the role of governmental institutions and criteria based on professional experience.

Figure 4 below illustrates the differences between Darwinians, Communitarians and Missionaries in their sequences of using specific judgement criteria based on their different levels of goal and need clarity and of being self-focused or other-focused. Interestingly, it appeared that the difference between the founder identity types and their subsequent use of judgement criteria was connected to their goal clarity and need or problem clarity toward opportunities. Darwinians did not have a clear goal for the value they wanted to generate with a venture and therefore no clarity about a need or problem that they wanted to find a solution for. Their main interest was to find an opportunity for self-focused wealth generation. Therefore, their initial efforts during the opportunity evaluation process focused on an outward search for a need that could be substantiated based on objective judgement criteria in relation to gain estimation and as a search for profit-making opportunities.





**Figure 4:** Process Model of distinct Founder Identity Types during Opportunity Evaluation

In their emphasis on objective information as pointed out under section 5.1.1., Darwinians were focused on gaining more detailed knowledge about the market environment, the competitive situation and trends in consumer behaviour. Since they were missing a clear goal and motivation about the value they wanted to pursue with forming a venture, they wanted to validate information as much as they could to reduce their perceived risks and uncertainties to be able to come to a decision about which need would be the most profitable one to pursue.

After having a general idea about the need and its profit potential, Darwinians continued the validation of the need by trying to understand if the opportunity was feasible for them. They started to look inward and considered their own knowledge, experience, skills or network to gain more conviction and consider the opportunity as doable by reflecting about possible solution characteristics and overall product concepts for the recognised need. Thinking about potential products and solutions also gave them a better orientation for assessing the involved risks and challenges that they would face if they would consider that specific opportunity. They also connected the risks to potential rewards that could be gained and tried to get an idea of the risks and resource requirements in relation to the positive financial returns.

Darwinians extended their validation process by assessing if the identified need during the search process was personally attractive and a personal fit for them but did not really try to adapt the opportunity towards themselves. They continued to look inward and thought about their personal values and motivations, for example financial motivation towards personal freedom and independence, but did not refer to any social values that were important for them and should be echoed by the opportunities. Darwinians tried to balance and control their emotions and personal associations with the intention to be rational and stay in reality. It appeared that they tried to keep a certain emotional distance during the whole evaluation process.

In comparison to Darwinians, Communitarians had initially no clarity about the need or problem behind the opportunity scenarios but were at the same time very clear about their goals of finding a solution for a valid need or problem affecting a specific social group or community. In their emphasis on specific social groups and social relationships, most of the Communitarians were pointing out that they would have to change or adapt the selected opportunity scenario to fit with an embedded need that was based on specific social groups or community. Embeddedness in this context means that they had an intimate knowledge of and

concern for the needs of this specific social group or community. They did this by looking initially inward. They stated that they would find a specific opportunity interesting, cool, or fun, but it would require an alignment with their personal values and experiences, their orientation towards social relationships and their emotions and the possibility to include or involve people that they knew or certain social groups. They appeared to be driven by this motivation to support a social group or community, although it was not a necessity for them to be a part of that group. Communitarians articulated in this regard venture goals with a social value proposition or purpose that was in line with their orientation towards social values and social relationships.

After they found the personal fit between the opportunity and the embedded need, Communitarians wanted to validate in more detail if the idea behind the opportunity was feasible and provided for a desirable product or solution. They started to look outward and thought about how they could adapt or tweak the opportunity to fit with their conception of a scenario, in which the development of a potential novel solution could help solving a certain problem. It seemed that the opportunity scenario had to resonate with their idea of how an interesting and purpose driven opportunity should look like. They also considered the potential necessity of involving political institutions to support their cause. Reflections about challenges and risks during the validation played a role but were predominantly mentioned in relation to the ability to achieve the desired solution or outcome behind the business idea, and not in connection with financial considerations.

Communitarians then extended their validation process by assessing the financial sustainability based on financial or commercial aspects of the opportunity. However, they would still focus first and foremost on the possibility that the selected opportunity was able to support the purposeful venture goal to find a solution for an embedded need of specific social group or community.

Missionaries, in contrast to Darwinians and Communitarians, generally tend to be interested in pursuing a social mission or creating social impact, with a strong orientation towards broader social needs. Such needs appear to be both widely prevalent and well known, thus requiring little effort and resources to identify the needs or assess the demand for solutions as in the case of Darwinians (Lumpkin, Moss, Gras, Kato, & Amezcua, 2013). Missionaries in this regard wanted to understand in more detail if the opportunity showed elements that allowed for the

possibility of a social mission or the creation of social impact, and at the same time personally attractive for them.

They started their search process by looking inward to see if they would find an alignment between the broader social need and their personal values and experience, their personal vision, or what they want to do with their life. They talked about social needs and challenges, and the value that the idea behind the opportunity would provide for the society or world. Interestingly, they would start looking not just for the possibility of value creation, but more importantly for the possibility of more equal and inclusive value distribution, which could involve challenging the status quo in the industries behind the opportunity scenarios. They also mentioned the necessary involvement of political institutions since changing or challenging the status quo for broader social needs would grapple with prevailing legislation.

Missionaries then wanted to validate in more detail if the idea behind the opportunity was feasible to develop a desirable solution that was in line with their goal of supporting a social value proposition or creating social impact for a broader social need. They started to look outward at challenges involved to be able to generate social impact, but also paid attention to the fact that the opportunity is doable for them and they could see the viability of the opportunity. It seemed that their knowledge, familiarity and experience made them more aware about the implications it would have to deliver a solution for the immediate and bigger social problem. Interestingly it did not seem that they were held back or affected in their overall opportunity conviction even if they identified potential challenges in the creation of social impact. The focus in their feasibility assessment appeared to be mainly on getting the product or solution right.

In their emphasis on finding a solution for a broader social need, Missionaries were not focused on finding a need for profit generation purposes as Darwinians did. When Missionaries finally extended their validation process and referred to financial or commercial aspects of the opportunity, they pointed out that the venture should be financially sustainable or profitable to be able to support their priority of creating social impact. Since they had a clear understanding of the potential demand behind the need or problem as it was based on prevalent and broader social need, they were not as concerned with risks and uncertainties about the validation of the need by assessing in detail objective information about market characteristics, potential consumer needs, or the competitive situation.

In summary it appeared that the selection of the opportunity scenario by Darwinians, Communitarians and Missionaries was based on the best fit with the existence of an initial goal and need clarity, and the difference between ‘self-focus’ or ‘other-focused’. The judgement criteria subsequently used during the opportunity evaluation process followed their initial goal and need clarity, and their level of inclusiveness by representing a certain sequence as part of a search and validation process.

### **5.3. Exceptions**

This section looks at the two Missionaries that differed in their opportunity evaluation process in relation to other Missionaries. As described above, one of the informants, Sam, was not a first-time founder, but a serial entrepreneur who had founded several successful ventures in the past. The other informant, Adrian, had worked for long time as an executive manager for operations in wildlife conservation before becoming a co-founder at a private non-governmental (NGO) wildlife conservation agency.

Table 13 presents the developed first order codes and second order themes together with the aggregate theoretical dimensions that these two Missionaries used when they assessed the different opportunity scenarios. Next to the first order codes, second order themes and aggregate theoretical dimensions are columns displaying frequencies. Frequencies refer to the number of times that these two Missionaries have mentioned the first order codes during the interviews, resulting in an aggregated number of frequencies at the second order theme level and the aggregated theoretical dimensions level.

**Table 13**  
Opportunity Evaluation - Judgement Criteria

First Order Codes	Frequency	Second Order Themes	Frequency	Aggregate Theoretical Dimensions	Frequency
Identifying challenges Identifying what is doable Assessing the viability Assessing risk related information	9 14 4 3	Perceived Opportunity Conviction	30	Feasibility	77
Reflecting on broader product concepts Reflecting on product related characteristics	5 5	Product related Capabilities	10		
Assessing self-knowledge and familiarity Assessing own experience Assessing own social network Assessing own skill-set	24 5 5 1	General Capabilities	35		
Identifying various non-financial resources Identifying capital requirements	2 0	Assessment of tangible resources	2		
Estimating the volume and size of the market Assessing the general market characteristics Estimating the price points in the market Analysing the growth rate of the market Segmenting the market	8 7 4 4 2	Understanding of market related Information	25		
Assessing the profit margin Assessing the revenue model	6 9	Understanding of financial implications	15	Gain Estimation	70
Identifying consumer needs Assessing consumer demand Identifying consumer segments Assessing consumer feedback and expectations	4 5 1 0	Understanding of consumer related information	10		
Identifying the competitive situation in the market Competitive Strategy Analysing the strength and size of competitors	7 11 2	Assessment of the competitive situation	20		
Assessing willingness to invest personal time Assessing the time to financial pay-back Assessing the time to exit the market	12 9 6	Perspective of time	27		
Analysing through professional perspective	14	Role identification	14		
Identifying business concept	9	Understanding of business model	9		
Identifying role of government	0	Institutional environment	7	Other	57
Assessing own values Assessing the personal attractiveness Assessing own beliefs Assessing own emotions Self-Evaluation Self-Evaluation	7 11 1 2 0 1	Personal identification	22		
Identifying social mission or social impact Reflecting about venture size Assessing the financial sustainability Reflecting about market exit strategies	2 7 0 2	Venture goals	11		
Assessing various costs involved Identifying necessary investment (funding) Assessing opportunity costs involved Analysing the loss potential	2 4 0 0	Understanding of costs involved	6		
				Loss Estimation	6

N= 2 Missionaries

As depicted in the table above, both informants in contrast to other Missionaries did not prioritise the goal of creating social impact or used personal judgement criteria with a strong orientation towards substantiated broader social needs.

Adrian who had worked in wildlife conservation assessed the opportunity scenarios like a Darwinian. He did not have a clear idea of a need or problem that he wanted to find a solution for. His main interest was to find an opportunity for self-focused wealth generation. His focus

during the opportunity evaluation process was on gaining more detailed knowledge about the market environment, the competitive situation, and trends in consumer behaviour. Since his lack of clarity about the need involved risks and market uncertainties, he wanted to validate information as much as he could to reduce these uncertainties about the respective opportunity scenarios to be able to come to a decision about which need would be the most profitable one to pursue.

After he had a general idea about the need in relation to its profit potential, he continued - like Darwinians - his validation of the need by trying to understand if the opportunity was doable for him. He started to look more inward and considered his own knowledge, experience, skills or network to gain more opportunity conviction and consider the opportunity as feasible, but he did not pay much attention to specifically outline potential products or solutions.

Adrian then wanted to understand in more detail if the opportunity was personally attractive and a personal fit for him and showed signs of an inner conflict. Although he had evaluated the opportunities like a Darwinian until now, he got reminded of seeing himself as a social entrepreneur. He started to look more inward and reflected about personal values and motivations that were in line with the Missionary social founder identity. He mentioned social values and the importance of addressing social challenges that should be part of solving the need as part of an opportunity. It appeared as though Adrian wanted to aim for social value creation as part of this motivation for founding a venture but had learnt due to his professional managerial role as an executive manager to prioritise gain estimations and focus on positive returns first.

Adrian, for example, reflected about scenario two in this manner by explaining the business practices that he had adopted during his professional career.

*“We have used pretty much the same principles within NGO’s. I need the shortest path to the returns, I need the return, because if I do anything else, I am not quite clear of what I am doing” (Adrian).*

He would then get reminded about his own personal values by reflecting on social value implications and that financial considerations are not the only relevant criteria for him.

*“If you look at it as a social entrepreneur in an emerging economy, what is the national development plan, what is the theory of change, what are the levers for social change, at a local scale” (Adrian).*

*“.....that would be the social part of it, it is not only about me making money and giving students access, but then there is a complementary opportunity to address other economic externalities so people retiring early, not enough pensions and do not have the skills and competencies, but they are sitting with an asset” (Adrian).*

And finally, Adrian similar to Darwinians tried to balance and control his emotions and personal associations with the intention to be rational and stay in reality and put positive returns before the creation of social impact.

*“So, the social entrepreneur in me would ask more question around the business model, so as a social entrepreneur, I would interrogate the opportunity with a rigorous business lens, as my first lens, but my second lens, would be based on the question, what is the impact potential beyond just my business, and beyond what is blatantly obvious for me” (Adrian).*

Sam, the second Missionary who had evaluated the opportunity scenarios in a different fashion than most Missionaries, was a successful serial entrepreneur. He had founded and co-founded several ventures that had interestingly all focused on the creation of social impact as their main venture goal. For example, one of the ventures he had co-founded used drones to predict and fight fires in areas of increased biomass in South Africa.

Sam seemed to have a different focus to the other Missionaries during the opportunity evaluation process. Instead of having a need clarity like other Missionaries in relation to a social mission or social impact creation, he firstly tried to understand the broader business concepts and business models holistically behind each opportunity and then verify these in more detail with his knowledge about them by describing the respective business models in a fashion that “this is a hardware play” or “that is a platform play”.

While he was doing this, he mostly used judgement criteria in relation to feasibility. He started to look inward and drew from his own knowledge and experience in relation to the market or



industry in which the opportunity was placed. This gave him a first indication to perceive an opportunity as doable or if there were too many complexities involved in the business concept. He said, for example “that is simple but never easy” or “this is doable”. This affected his overall confidence and interest in the opportunity.

Sam continued then to look more outward by describing potential product concepts that could be employed to that opportunity and that could be substantiated based on objective judgement criteria in relation to gain estimation and positive financial returns. In doing this he explicitly mentioned his personal network for forming a team that would have the necessary expertise and knowledge to build the venture. That was different to all other first-time founders irrespective of being Darwinians, Communitarians or Missionaries.

Interestingly, it felt as if he would keep a certain distance to the opportunities and evaluate them more from a different perspective. He did not necessarily see himself as being a direct founder of the venture, but more of a facilitator or investor. By assuming a different founder role, he talked more about the development trajectories and building blocks of the potential venture than focusing on the specific desired needs as Communitarians and other Missionaries did, or on the information validation in relation to positive financial returns as the Darwinians. The reason for this alternate evaluation could have been that Sam’s founder role had changed since he had founded his first venture and subsequently created additional ventures.

The experience that he had gained during these activities could have influenced the way he was assessing new venture opportunities. This founder role perspective as an investor or facilitator seemed to also have an impact on his need clarity, which he had somehow not in mind during the evaluation process. Although he had only founded and co-founded ventures that were focused on creating social impact, Sam did not mention the importance of a social mission or social impact creation during the evaluation process at all. This was different as the broader social need was an essential part in the evaluation process of Missionaries.

Sam, for example, reflected about his own role and the forming of the right founder team during the evaluation process of scenario three.

*“I would be the facilitator; I wouldn’t start the business as such necessarily. If I was to be the founder, I would say, right, let’s get the right team together first. So*

*just starting a production company as a single person is tough, here I would invest into the team, absolutely” (Sam).*

He reflected in a similar manner about opportunity scenario two.

*“...and focus very, very closely on maintaining the quality here, both of the accommodation offered and also the team that drives this venture. I would invest money into this, but I would get the right people involved” (Sam).*

#### **5.4. Conclusion**

This chapter outlined the integrated findings from the quantitative and qualitative results of both phases of the study by using content analysis techniques. Specifically, I highlight how the founders presented similar response patterns towards the evaluation of entrepreneurial opportunities based on their respective social founder identity type. At the same time, I also examined the difference in the response patterns across the three distinct social founder identity types.

In conclusion, it appeared that the selection of the opportunity scenario by Darwinians, Communitarians and Missionaries was based on the best fit with the existence of an initial goal and need clarity, and the difference between ‘self-focus’ or ‘other-focused’. The judgement criteria subsequently used by the different social founder identity types during the opportunity evaluation process were in line with their initial goal and need clarity and their level of inclusiveness. Certain formative experiences in different roles as founders or managers seemed to also impact on the opportunity evaluation process and potentially extenuate the influence of the social founder identity as illustrated in the above presented findings chapter. The next chapter will discuss these findings with the relevant literature.

# CHAPTEFR SIX

## DISCUSSION

### *Chapter Overview*

This chapter discusses the theoretical contributions and implications of the research which set out to explore how individuals evaluate opportunities by using different combinations of judgement criteria. It will begin by discussing the main research question of this study and explaining how the findings enrich the prior assumptions in the literature by providing new insights to processes that are formed at the time of venture founding. I do this by highlighting the theoretical contributions to opportunity evaluation, founder identity and entrepreneurship literature. In doing so, I will explore the influence of founder identity on opportunity evaluation - a relationship that prior research has not yet explored. Hence, “pure” founder identities (Sieger et al., 2016) based on Fauchart and Gruber’s (2011) typology will be considered as key individuating factors in relation to the opportunity. The emphasis of the comparative analysis will be on the differences between the three “pure” founder identity types in terms of their entrepreneurial behavior during opportunity evaluation. In doing so, special attention is given to the way in which the level of inclusiveness, as part of their self-concept as founders’, influences their forming of first-person opportunity beliefs to guide opportunity selection and the type of venture they intend to form.

The chapter then continues to discuss the study’s contributions to opportunity evaluation as part of the multi-phase process (i.e. recognition, evaluation and exploitation) that has emerged from Shane and Venkataraman’s (2000) seminal discussion of entrepreneurship, and focuses on the two-staged conceptual model from McMullen and Shepherd (2006). It does so by addressing the opportunity evaluation stage, which contains the assessment of first-person opportunity for the actor (Haynie et al., 2009; McMullen & Shepherd, 2006). The chapter concludes by summarising the contributions to entrepreneurship theory, and in particular entrepreneurial behaviour.

### **6.1. Discussion of the main research question**

This research addresses the following research question: *How does founder identity influence opportunity evaluation?* Using Fauchart and Gruber’s (2011) founder identity typology, it explores the influence of distinct founder identities on opportunity evaluation and the forming

of a first-person opportunity beliefs. The typology draws on social identity theory that details the primary types of individual founders' social identities namely Darwinians, Communitarians and Missionaries in newly formed firms. These founder identity types show variations (1) in their social motivation for starting a venture, (2) in how they evaluate themselves as founders, and (3) in their frame of reference (the relevant others) when deciding on their behaviours and actions (Sieger et al., 2016).

The findings of this study revealed empirically that differences in the structure of founder's identities drive variations in how they evaluate entrepreneurial opportunities and form first-person opportunity beliefs. The study also shows that the 'individuation' of the opportunity evaluation process varies between distinct founder identity types. Individuation is understood here as the forming of impressions by filtering them through the lens of person-specific factors (Fiske & Neuberg, 1990; Wood et al., 2014). If the person considers the impression to be relevant to current tasks, goals, or future states, then it can be exposed to individuation (Fiske & Pavelchack, 1986). Previous mental model research (Fiske & Neuberg, 1990) has illustrated that knowledge (including former experience), motivation, and some cognitive dispositions influence individuation as one develops the cognitive images that emerge as individuals come across new situations.

Given this, I have validated that the three distinct social identities influence entrepreneurial behaviour and therefore the entrepreneurial process. The selection of the respective opportunity by Darwinians, Communitarians and Missionaries (Fauchart & Gruber, 2011) is based on the best fit with the existence of an initial need clarity, and the difference between 'self-focus' or 'other-focused'. Need clarity refers in this context to the understanding of user needs or user problems, which have been shown near-essential to the development of commercially successful new products (von Hippel, 1986). In association with the need clarity, findings in this study show that the distinct founder identity types articulate (or not) specific venture goals (York et al., 2016), which from here on will be referred to as 'goals'. Since the venture goals of Darwinians, for example, are unclear besides personal monetary gain, they do not possess need clarity or want to solve a specific problem. This contrasts with Communitarians and Missionaries who possess goal clarity and therefore need clarity. For example, the goal clarity for Missionaries often translates into a 'social mission'. Hence, the goal and need clarity is related to the type of value creation potential that individuals associate with opportunities.

However, other authors have argued that Darwinians have a priori defined goals due to their profit orientation (Alsos et al., 2016).

The judgement criteria subsequently used during the opportunity evaluation process illustrate a certain sequence that follows certain *search* and *validation* processes and differed between the founders with distinct social identities. This opportunity evaluation process was presented in figure 4. The sequence based on a certain search and validation process also determines if founders adapt towards the opportunity by focusing on objective opportunity characteristics or if founders try to align the opportunity towards themselves by focusing on subjective opportunity characteristics. This distinction leads to different ways in which founders try to create a personal fit between themselves and the opportunity. In other words, it affects the way founders ‘individuate’ the opportunity during the opportunity evaluation process.

The judgement criteria proved to be a representation of their social identity and their relevant social worlds, and were in line with their initial goal, need clarity and their level of inclusiveness. This means that given the same information about the opportunity context, founders with distinct social identities were differently attracted to the opportunities after using certain sequences of judgement criteria during the opportunity evaluation process, and therefore forming first-person opportunity beliefs (or not). However, the differences between the founders were not apparent based on the selection of a specific opportunity prototype (Baron & Ensley, 2006), since different opportunities were selected by the same founder identity. Rather, the selection of an opportunity through first-person opportunity beliefs occurred through cognitive processes of individuals by *subjective* perceptions of (in) congruence as opposed to *objective* opportunity characteristics. This is in line with the findings of Welpel et al. (2012), who argue that objective opportunity characteristics do not directly influence entrepreneurial opportunity exploitation. The authors posit instead that subjective evaluations of the individual might be more important, and that this determines whether these individuals consider entrepreneurial action in a specific situation.

In this regard, this study offers novel insights into the forming of first-person opportunity beliefs derived from the use of individual-level cognitive resources during opportunity evaluation. It provides evidence that social identities of founders relate to distinct entrepreneurial behaviours and actions during the entrepreneurial process, and in specific to distinct behaviours and actions during opportunity evaluation. In that way, founders use

opportunity related information to create a mental image of the opportunity and at the same time, that image is formed in part by their social identity as they ‘individuate’ information to develop beliefs about the personal fit between them and the opportunity. This findings support the notion that opportunities are not equally appealing to all (Dimov, 2010; McMullen & Shepherd, 2006) and are in line with findings from other authors that an opportunity might appear to be more attractive to a specific individual than to another (Wood et al., 2014).

Understanding the answer to the “how” of the research question was explored by showing how founders with distinct social identities vary in the way they evaluate opportunities when confronted with different opportunity scenarios. The model I inducted answers the “how” question by theorising the process leading from distinct founder identities through the opportunity evaluation process to the forming of first-person opportunity beliefs. The result is important because the initial motivation to *search* for certain opportunity attributes and the sequence of judgement criteria used of individuals to *validate* an entrepreneurial opportunity illustrate the personalisation or individuation of the opportunity evaluation process and characterise how individual’s form personally relevant opportunity beliefs about the attractiveness of pursuing an opportunity as a trigger for entrepreneurial action (or not) (Fiske & Pavelchack, 1986; Wood et al., 2014). These beliefs are key drivers of entrepreneurial behaviour (McMullen & Shepherd, 2006), and therefore, revealing the mechanisms that influence opportunity beliefs is important to advance the understanding of entrepreneurial behaviours and outcomes (Wood et al., 2014).

This study also offers possibilities to predict the forming of first-person opportunity beliefs in relation to the social identity of founders as a variable individual-level factor, which characterise differences in the opportunity-individual nexus (Shane, 2003; Shane & Venkataraman, 2000; Venkataraman et al., 2012). Empirically, my contribution is to provide preliminary evidence of individual differences in the interpretation of personal meaning of opportunity information during opportunity evaluation based on distinct founder identities. Identity, in this regard, can assist as a cognitive frame that increases sensitivity to certain cues for behaviour. Founders perceive only those situations as opportunities that are in line with their self-concepts as they attempt to identity-relevant actions in creating new ventures (Fauchart & Gruber, 2011). Hence, an individual’s identity can be considered a key factor during opportunity evaluation as suggested by Mathias and Williams (2017) that is separate from other factors discussed in the literature, such as prior knowledge and different cognitive

abilities (Scheaf, 2018; Shane, 2003; Shane & Venkataraman, 2000; Wood et al., 2014). The study's findings also suggest that identities shape goals and strategies around which firms are initially founded, which is in line with results from Powell and Baker (2014).

## **6.2. Founder identity and the opportunity evaluation process**

Recently conducted studies (Alsos et al., 2016; Farmer et al., 2011; Fauchart & Gruber, 2011; Hoang & Gimeno, 2010; Mathias et al., 2015; Murnieks et al., 2019; Murnieks & Mosakowski, 2007; Powell & Baker, 2014, 2017; Wry & York, 2017) have applied an identity and social identity perspective to find explanations for different entrepreneurial phenomena. This emerging body of work provides initial evidence on how founder identities are connected to behaviours, actions, and decisions in the forming of new ventures. Yet, there is still much that we do not understand about the relationship between identity and entrepreneurial action.

Adopting an identity lens enables moving beyond traditional perspectives embedded in economic rationality when trying to understand entrepreneurial behaviour. This lens emphasises that people behave and act in manners that they consider appropriate for themselves in a particular context (such as new venture forming) (Gruber & MacMillan, 2017). Identity mediates social situations and individual beliefs and behaviours. Identity theory is thereby able to create a key theoretical connection between the entrepreneurs' identity and behaviour. It creates a connection between the entrepreneurs' identity and behaviour as an individual's identity or sense of self is central to his/her values, feelings, and beliefs in all social contexts, including new venture creation. This connection is borne out of individuals' motivation to behave and act in manners that are consistent with the meanings integral to their identity (Hogg & Terry, 2000). This implies that individuals possess desired mental images of the social category or role of the entrepreneur associated with pursuing an entrepreneurial opportunity.

First-person opportunity beliefs about whether the opportunity pursuit is suitable depend on their perceived congruence to their social category or role (Scheaf, 2018). At their core, opportunity beliefs are self-centred mental images or "theories" about the potential reward for a particular action versus the cost of that action (McMullen & Shepherd, 2006). While there may be many sources of exogenous data that influence the forming of opportunity beliefs during opportunity evaluation, it is the interpretation of information that ultimately matters (Wood et al., 2014). In the first-person perspective, these interpretations are focused on "me"

(as the decision maker or evaluator)(Shepherd et al., 2007). As the opportunity evaluation process unfolds, it is unlikely that opportunities would be considered as similarly appealing (Dimov, 2010), since individuals involve their own specific knowledge, experience, and disposition as they construct mental images of the opportunity (Wood et al., 2014). Shepherd et al. (2007) also outline that the way knowledge and motivation are combined with information about the environment to generate beliefs is still not very clear.

First-person opportunity beliefs form as a result of the opportunity evaluation. These first-person opportunity beliefs are subject to an ongoing evaluation through the use of different categories of key judgement criteria (Scheaf et al., 2020), and matter in the perpetuation of the entrepreneur's intention to pursue the opportunity. Whether to advance depends on the outcome of the judgement assessment, "a re-evaluation of the opportunity in the light of the latest actions and configurations of circumstances" as Dimov (2010, p. 1143) argues. McMullen and Shepherd (2006) also describe opportunity evaluation as an iterative process that emerges over time. The study contributes to theory by showing that distinct founder identities influence the opportunity evaluation process of first-time founders. First-time founders with distinct founder identities use different *search* and *validation* processes during opportunity evaluation, which affects their choice and combination of judgement criteria to select opportunities during their opportunity evaluation. They use different combinations of judgement criteria during the opportunity evaluation process, which is for the most part in line with the literature (Scheaf et al., 2020). However, 'loss estimation' as one category of judgement criteria used in the literature is not perceived as overly important by all first-time founders, and rather plays a minor role for them during opportunity evaluation. Exceptions occurred, which indicate that the search and validation processes found in these distinct founder identity types can be distorted by the level of former entrepreneurial experience inherent in serial entrepreneurs and role specific behaviors based on former work experience.

As discussed above, the opportunity evaluation process can be divided between two parts. The first part focuses on the search for a need or problem that can guide the search efforts and forms the basis for the second part of the evaluation process that deals with the validation of the need or problem.



### **6.2.1. The search process during opportunity evaluation**

Darwinians, in comparison to Communitarians and Missionaries, vary in how they start their search process. Their sole focus is on personal wealth generation as the trigger for their initial search efforts. They do not have a clear goal in mind that is based on personal, subjective judgement criteria and that can guide their initial search efforts, besides that they are focused on wealth generation. They are not driven by personal, subjective values, beliefs or desires that define their systematic search from the beginning and guides their subsequent use of judgement criteria in a certain direction. They keep distant to the opportunity to be able to understand all information about the context of the opportunities, and prevent themselves from limiting their options through the personalisation of the opportunity early on in the evaluation process, potentially overlooking an opportunity with better financial prospects. In this sense, Darwinian founders follow the traditional pattern of engaging in entrepreneurial behaviours during opportunity evaluation. This pattern follows the logic of economic rationality by focusing on maximising their financial returns (Gruber & MacMillan, 2017).

Following this logic, due to a lack of need clarity, they focus on objective and tangible judgement criteria by starting a systematic search for information that would help to get an objective idea of the need or problem inherent in an entrepreneurial opportunity. In doing so, their initial efforts during the opportunity evaluation process focuses on an outward search for a need or problem that could be substantiated based on objective judgement criteria in relation to gain estimation and feasibility as a search for a profit-making opportunity. Since personal desirability criteria are not limiting this search, they appear to be more flexible and search for opportunities in a broader fashion. This lack of focus on the other hand leads to a higher level of risk perception in their assessment about the validity or potential of the need or problem.

Therefore, the validation part of the opportunity evaluation process which comes after the search process becomes more essential for Darwinians. Particularly, the assessment of their opportunity-specific knowledge in terms of feasibility matters, since it offers a way to reduce risk perceptions and sheds light on the degree to which the opportunity exists and can realistically be pursued (McKelvie et al., 2011; Mitchell & Shepherd, 2010). This ‘knowledge relatedness’ construct is defined as the degree to which the knowledge required to identify, evaluate, and exploit an opportunity is similar to the existing knowledge of the entrepreneur (Haynie et al., 2009; Mitchell & Shepherd, 2010). This definition infers that entrepreneurs will pay more attention to, and better understand opportunities within their existing knowledge

domain. In this regard, ‘knowledge relatedness’ is a key variable that informs individuation of the opportunity” (Wood et al., 2014, p. 257), and is at the heart of the opportunity-individual nexus (Sarason et al., 2006).

By aiming their outward search during the search process at identifying environmental cues such as market size, market growth, consumer needs, profit margins, time to profit or information in relation to competition and industry conditions, Darwinians try to reduce their risk perception and substantiate their conviction about the positive financial implications of pursuing an opportunity. Darwinians assess the competitive situation, for example, through the connection with other market related information to get a better picture for potential gains and the competitive advantage that they can achieve. They do not appear to connect it to entrepreneurial failure, which can be considered as being part of the loss estimation category (Scheaf et al., 2020), although it is important to acknowledge here that the data sample were first time founders. Other considerations such as time to profit seem to be critical for Darwinians when evaluating entrepreneurial opportunities as they focus on the expected break-even point when profits will be realised as stated in the literature (Busenitz & Barney, 1997).

Hence, the earlier the break-even point is expected, the more favourable their assessment of the opportunity (Timmons, 1999). In the same vein, the later Darwinians expect the break-even point to be, the less likely it is that they consider the opportunity as worthwhile and are willing to put sustained effort into the following validation process. The focus on these cues can be understood as important exogenous stimuli for the forming of Darwinians’ opportunity beliefs (Fiet, 2007; Shane, 2003; Shepherd et al., 2007; Wood et al., 2014). These cues are predominantly used by Darwinians during the initial search for an objective profit-making need, or problem, to enable them to assess the opportunity based on the gain estimation category of judgement criteria (Scheaf et al., 2020) that proves to be the most relevant for them. Their personal values, emotions or personal attraction at this point remain secondary.

Their motivation for pursuing opportunities is ‘self-focused’. The literature on entrepreneurship is largely dominated by an emphasis on economic motivation (Aldrich & Ruef, 2006; Scott et al., 2003), with the common assumption that entrepreneurs are motivated by personal financial gains and profit-seeking behaviour (Baumol, 1990; Carland et al., 1984). A self-focused motivation can be best represented by self-enhancing values such as social power, pleasure, ambition, and wealth. These are motivational goals that benefit only the

entrepreneur. Self-enhancing values will positively affect entrepreneur's focus on economic and professional success, and this focus will be reflected in a greater emphasis placed on pursuing economic goals through their ventures (Conger et al., 2012). Thus, whether attempting to maximise economic gains or personal utility, the motivation of Darwinians to found a new venture is mainly driven by the effort to realise the private accumulation of wealth as either an end in itself (Baumol, 1990) or a means to a self-focused end (Carsrud et al., 2009). Analogous to this argument, it is apparent in this sense that Darwinians are indeed mostly extrinsically motivated since their entrepreneurial behaviour and their motivation during opportunity evaluation refers to external rewards (Carsrud & Brännback, 2011), and not to intrinsic or a more personal motivation.

This suggests that the outcome of their assessment of judgement criteria revealing information about positive financial returns have a high impact on the forming of their opportunity beliefs and their willingness to pursue an opportunity. For example, one Darwinian stated:

*“There is market potential here, but it's potential that I want to evaluate in detail. Provided that you can gather the need, you can satisfy it in some way, which appears to be the case in the student accommodation case. I would have to dig around for property market data, aside from, whether or not this would work better as a solution as what is already out there, is the question. Whether it would be actually profitable at all and how long it would take to pay-back”. (Alex).*

As mentioned above, Communitarian and Missionary founders acted differently and in ways that depicted their concern for others. Their search process was much narrower than the search process of Darwinians and followed a systematic search for information in an opportunity that would support a certain belief and anchor their search for information around this belief. Communitarians and Missionaries therefore start their search process with possessing some clear ideas about a need. Personal desirability criteria are important for Communitarians and Missionaries and are limiting and reducing their flexibility and the breadth in which they search for information regarding opportunities. This anchoring beliefs play an important role in their entrepreneurial thinking (Krueger, 2007), where the higher clarity on intrinsic goals, in comparison to Darwinians, leads to a lower level of risk perception in their assessment about the validity or potential of the need or problem. Their (Communitarians and Missionaries) initial efforts during the opportunity evaluation focuses on an inward search for a need or

problem that is in line with this belief, which contributes to a stronger clarity about the personal goals they want to pursue by becoming founders.

The stronger goal clarity among Communitarians and Missionaries and the associated reduction in their risk perception can be linked again to the opportunity-specific knowledge as mentioned above. The ‘knowledge-relatedness’ of Communitarians refers to their intimate understanding of an embedded need or problem that a certain social group or community contains. This existing knowledge of Communitarians about the need or problem informs the way they ‘individuate’ the opportunity and establishes a positive direct relationship between their knowledge and the opportunity evaluation, which makes it more attractive for them (Haynie et al., 2009; McKelvie et al., 2011; Mitchell & Shepherd, 2010).

Therefore, the search part of the opportunity evaluation process appears to be more essential for Communitarians. Missionaries, by contrast, due to their strong goal clarity about following a social mission or creating social impact, are focused mostly on basic and long-standing societal problems and needs such as poverty, hunger, unclean water, unemployment, access, education, human rights, etc. (Austin et al., 2006). Such needs or problems seem to be both widely prevalent and well known, thus requiring little effort and resources to identify the needs or assess the demand for solutions (Lumpkin et al., 2013) as in the case of Darwinians, or require intimate knowledge as in the case of Communitarians. Thus, the search part and validation part of the opportunity evaluation process appear to be equally important for Missionaries and therefore provide for a more balanced overall opportunity evaluation process.

Early entrepreneurship research, as discussed in Chapter 3, emphasised that entrepreneurs are motivated by financial returns as a compensation for their personal risk taking (Casson, 1982; Kirzner, 1985; Knight, 1921; Schumpeter, 1934), further confirmed by the findings of this study regarding Darwinian founder identity type. More recent work has criticised this view as overly narrow (Carsrud & Brännback, 2011; Katz & Gartner, 1988), imposing that motivations for venture forming could reflect individual values and intrinsic satisfactions (Herron & Sapienza, 1992). This appears to be more in line with the findings which shows that Communitarians and Missionaries initiate their search process by looking for personal fit between their goals and a need or problem, and not by solely looking for objective profit making needs or problems, as Darwinians do.

When considering the entrepreneurial motivation of Communitarians and Missionaries during the opportunity evaluation process, both founder identity types show some of the characteristics that Mair and Noboa (2006) and Miller et al. (2012) describe as antecedents of social entrepreneurial intentions. They express empathy and compassion towards the needs of others, consider their emotions (Cardon et al., 2009), and make use of moral judgements during their opportunity evaluation. In doing so, they consider potential negative outcomes and consequences for others in their assessment of the desirability of the opportunity, which influences their first-person opportunity beliefs. Compassion, for example, is characterised by its other-orientation and emotional connection that links an individual to a suffering community (Nussbaum, 1996). Miller et al. (2012) argue that compassion acts as a prosocial motivator and plays a cognitive and affective role by impacting the way entrepreneurs think, calculate and analyse prosocial gains and costs, and influences the decision making of entrepreneurs. The statement from Claire below serves as an example of her compassion towards the situation of students. By expressing her prosocial emotion, she considers “the suffering and difficulties of another” as a significant part of her own scheme of goals and ends (Nussbaum, 2001, p. 309).

Based on their prosocial or other-oriented motivation and goal clarity, Communitarians and Missionaries differ in their belief, and therefore they focus on different types of information during their initial search efforts. This influences whether they start their search process for personal fit by looking outward. The literature on motivated information processing supports this finding by stating that the other-orientation will bias the way individuals search for, and evaluate information regarding how to solve a problem (De Dreu et al., 2008).

Communitarians look inward and substantiate this inward search based on subjective judgement criteria in relation to desirability and feasibility (Scheaf et al., 2020). In doing so, they anchor their search efforts towards finding a solution for a problem or embedded need that serves a social group or community which they personally know. This is in line with how the Communitarian founder identity type is portrayed in the literature (Fauchart & Gruber, 2011; Gruber & MacMillan, 2017). By aiming their inward search at identifying opportunity characteristics in relation to their personal values, social relationships or emotions, they direct their attraction towards a specific opportunity. It appears that the opportunity has to resonate with how their idea of an interesting and purpose driven opportunity has to look like. By critically questioning and acknowledging a need or problem in an opportunity in this way, Communitarians tend to personalise and ‘individuate’ the opportunity. This conviction about

the relevance of the need or problem supports their confidence about pursuing the opportunity and often leads to original and innovative ways to find solutions for the need or problem. In doing so, they integrate diverse information from others in their efforts to solve problems, which is consistent with research on prosocial motives (De Dreu et al., 2008). Their compassion as a type of prosocial motivation appears to enable their approach to problem solving and the recombination of new ideas (Miller et al., 2012).

However, contrary to discussions in the literature (Fauchart & Gruber, 2011; Gruber & MacMillan, 2017), their prosocial motivation does not depend on being a member of the specific social group or community that they focus their search efforts. Being aware about a certain need, or embedded problem of a certain social group that they care about, or seek to support, is sufficient. Opportunity characteristics that contain information about wealth generating possibilities and using judgement criteria to evaluate positive financial returns are less significant for Communitarians. This finding is not in line with literature, which suggests that founders generally focus their search efforts on opportunities with the greatest personal wealth-creating potential (Fiet, 2007). Some Communitarians even outright reject opportunities that they consider lucrative or have wealth-creating potential as described in the findings chapter before. In this regard, their motivation for pursuing opportunities is more social and inclusive, and focuses on others whom they know (Brewer & Gardner, 1996). Their main goal during the process of opportunity evaluation is to support the creation or substantiation of the social fabric and social relationships within this specific group or community.

It appears in this sense that Communitarians are mostly intrinsically motivated since their entrepreneurial behaviour and their motivation during opportunity evaluation refers to personal interests (Carsrud & Brännback, 2011). Financial or profit-making consideration at this point remain secondary. Communitarians motivated information processing is also triggered through an emotional connection to known others that creates a moral compulsion or genuine concern for the needs of this social group or community. This is in line with literature that states that individuals attend to, encode, and retrieve information that is consistent with these known others' goals and needs (De Dreu et al., 2008).

This is substantiated by a Communitarian's statement:

*"I think that, being a student is such a pivotal time in life, and very little in life prepares you for that, and I see so many young students lost. So, addressing the power of community, and how that community could be creatively, extracted to help students being much more planted and integrated, and where they are in life, and much more able to make a contribution at that stage of their lives already". (Claire).*

Missionaries, in contrast to Communitarians, initiate their search process for personal fit by looking outward. They are mainly driven by the desire to change or make an impact on society and try to solve a broader social need or problem, which is in line with the Missionary type (Fauchart & Gruber, 2011; Gruber & MacMillan, 2017). When Missionaries refer to these goals, they point out that the venture they want to form should also be financially sustainable or profitable but foremost to support their priority of creating social impact. They are in this way similar to social entrepreneurs who, as prior research has shown, are specifically committed to serving society (Austin et al., 2006). The field of social entrepreneurship is less focused on the creation of economic value than on the creation of social value, although both are not mutually exclusive (Gregorie et al., 2010; Mair & Martí, 2006; Zahra et al., 2009). Mair and Marti (2006) understand social entrepreneurship as a process of mobilising social transformation by meeting social needs but embracing both social and economic aspects at the same time. The Missionaries' goals are also in alignment with the literature which suggests that a strong social problem deriving from other-orientation would seem to be a necessary precondition for choosing a social venture as a compassionate response to others' suffering (Miller et al., 2012). Hence, Missionaries' personal values, emotions and experiences connect with a broader social mission or goal and fits with their own personal assessment of how urgent or immediate the social need or problem really is. This supplies energy and can propel an individual forward as stated by Nick below. They have also personally experienced certain social constraints in their own life, for example the lack of basic health insurance, or situations of social injustice in their work environments.

As mentioned above, compassion can make individuals particularly attuned to social issues through making others' suffering personally relevant (Batson & Shaw, 1991). For this reason, Missionaries appear to be motivated by a social mission that supports social inclusivity, thereby thinking of providing access to certain needs for groups in the broader population that were

previously excluded, or to support a more equal redistribution or sharing of value created by companies (Porter & Kramer, 2011). Self-transcending values such as social justice, equality, helpfulness, forgiveness, and protecting the environment represent motivational goals that benefit entities beyond the entrepreneur (e.g. vulnerable or marginalised groups, natural ecosystems, and society at large) (Miller et al., 2012).

This is what motivates them to pursue goals that create social impact in certain social domains, as opposed to arbitrarily attempting to generally do social good. Indeed, the findings show that Missionaries can be ignorant towards other social concerns such as environmental protection at the same time as they are motivated by goals with broader social impact. Missionaries' goals also contain that the venture has the potential to be economically and financially sustainable. In this regard, they view profit as a means of increasing organisational viability and sustainability through the stabilisation of revenue and risk exposure (Mair & Martí, 2006). Furthermore, some Missionaries (e.g. Brian, Laura and Diane) perceive those opportunities as attractive that provide the potential for a venture to reach a scale and size that could impact a broader population (Miller et al., 2012).

Where time does not seem to play a main role for Communitarians, time is more of the essence for Missionaries. Missionaries also consider time differently than Darwinians, who focus mainly on time in terms of pay-back or time to profit as mentioned above. They evaluate time more broadly and under different aspects. For example, they reflect upon the aspect of personal willingness and commitment to immerse themselves in an opportunity to alleviate a social problem and assess time to profit by estimating financial pay-back periods at the same time, which matters for them as part of their validation process. Their careful considerations as to where to invest time is not only influenced by their personal goals but adds to a stronger goal clarity what kind of venture to start. The commitment resulting from these careful considerations can allow for greater persistence and motivation in embracing challenges that accompany their social mission, which can increase their willingness to provide the time and energy that is needed to respond to these challenges (Miller et al., 2012). Often these goals imply that they have to engage in institutional entrepreneurship by altering existing cultural, economic, and regulatory institutions (Dacin et al., 2010; Mair & Marti, 2009; McMullen, 2011), but their intrinsic motivation for pursuing these goals appear to support their willingness to embrace challenges, and perceive non-existent markets and institutional voids as opportunities rather than threats (Dutton, 1993).



As one Missionary, Nick, points out;

*“I think if I would build a business on top of this, I would try and figure out how value distribution would go down further in the value chain to attribute more value to the farmers” (Nick).*

In this regard, Missionaries differ to Communitarians in that their motivation for pursuing opportunities is more socially inclusive, and includes others which they do not personally know (Brewer & Gardner, 1996). They try to find a solution to a social problem that relates to society or a targeted segment of the population, in contrast to an individual or specific organisation (Thompson, 2002). This fundamental difference in terms of social mission or social impact creation may lead to different mental representations of opportunities when individuals think about a new venture idea in a commercial or social setting. However, extrinsically oriented motivations like personal financial gains, and the desire to create a large venture, which offers the potential for their legacy as founders also matter for Missionaries. These experiences influence the anchoring of the Missionaries' search efforts and the information they are looking for in an opportunity. It appears in this sense that Missionaries are both intrinsically and extrinsically motivated since their entrepreneurial behaviour and their motivation during opportunity evaluation refers to a combination of personal interests and external rewards (Carsrud & Brännback, 2011).

This section discussed the search process of the distinct founder identities. The following section will delve into the discussion around the validation process, which proceeds the search process in the opportunity evaluation sequence illustrated in figure 4.

### **6.2.2. The validation process during opportunity evaluation**

All three distinct founder identity types focus on judgement criteria in relation to feasibility to assess the validity of the opportunities to form first-person opportunity beliefs. This is in line with McMullen and Shepherd's (2006) conceptual model. The feasibility assessment can be understood as a future representation that allows the individual to think of projected courses of action that are essential for a successful opportunity exploitation (Gregorie et al., 2010). These projected courses of action consist of the perceived conviction of the individual towards the opportunity, specific capabilities related to the development of the potential product or service

offering, and the general capabilities of the respective individual (as depicted by 2<sup>nd</sup> order themes in table 8).

The perceived opportunity conviction is understood here as the individual's assessment of the subjective favourability of the opportunity. Opportunity conviction is different to the term "opportunity confidence" coined by Davidsson (2015, p. 683), who defines it as "the result of an actor's evaluation of a stimulus (external enabler or new venture idea) as a basis for the creation of new economic activity". General capabilities of the individual refer to their knowledge, experience, skills and social network. These general capabilities are relevant to general entrepreneurial tasks that consist of planning, mobilising, and implementing activities (Stevenson & Jarillo, 1990). These tasks involve, for example, skills and knowledge related to the target market, the gathering of necessary resources such as capital, labour, suppliers, and distributors to bring the venture into existence, and activities towards growing and sustaining the venture (Chen et al., 1998; Kyndt & Baert, 2015). Since opportunity pursuit involves turning new venture ideas into developed products or services, specific product related capabilities such as knowledge, skills, and abilities are required beyond general capabilities. (Davidsson, 2015; Gregoire et al., 2010). As individuals form their first-person opportunity beliefs, they determine if their knowledge, skills, and abilities fit the opportunity as part of their mental model impressions analogous to what was previously mentioned (Fiske & Neuberg, 1990). In this way, the individual can perceive himself or herself as possessing the required knowledge, skills and abilities linked to general entrepreneurial tasks and developing specific products or services.

Darwinians, in comparison to Communitarians and Missionaries, vary in how they initiate their validation process. After initial impressions are formed during the search process about the need or problem in an opportunity in relation to its profit potential, Darwinians begin the validation of the need or problem. They start using judgement criteria to assess the feasibility of the opportunity (Scheaf et al., 2020) by trying to understand if the opportunity is risky, contains challenges or is doable for them in order to develop a conviction about the opportunity. They start to look more inward and consider if there is a fit between their own capabilities, for example their knowledge, experience, skills or social network. They also tap into their knowledge that is specific to the development of products and services as they imagine and reflect about potential solution characteristics and overall product concepts for the need or problem.

Thinking about potential products and solutions also gives Darwinians a better orientation for assessing the involved risks and challenges which affects their opportunity conviction. They also connect the risks to potential rewards that could be gained from the specific opportunity and try to get an idea of the risks and resource requirements by conducting cost-benefit analyses. In this way, Darwinians follow the traditional mode of processing costs and benefits and express a typical reluctance to engage in activities with higher personal risk (Wu & Knott, 2006). As mentioned above, besides wealth generation, Darwinians lack a strong personal goal and therefore perceive a higher level of risk perception about the validity or potential of the need or problem they came up with during the search process. Hence, the validation process is of the essence for Darwinians to reduce their level of risk perception and get a better understanding for the risk involved. This validation is essential for Darwinians to gain more conviction about the opportunity and thus for the formation of first-person opportunity beliefs.

Particularly, the validation of their opportunity-specific knowledge matters and sheds light on the degree to which the opportunity exists and can realistically be pursued (McKelvie et al., 2011; Mitchell & Shepherd, 2010). This validation plays an imminent role in their opportunity evaluation process and their forming of first-person opportunity beliefs as Darwinians ‘individuate’ the opportunity through the validation of the ‘knowledge relatedness’. This contrasts with Communitarians who ‘individuate’ the opportunity and form first-person opportunity beliefs mainly during the search process and not the validation process. Since Darwinians seem to possess no need clarity and are mainly driven by extrinsic motivation during the search process, their mental model impressions and first-person opportunity beliefs appear to be more strongly formed through the assessment of their ‘knowledge relatedness’ during the validation process.

In this sense, ‘knowledge relatedness’ becomes a key factor for Darwinians in their opportunity impressions since their knowledge informs the construction of their mental models (Wood et al., 2014). Due to a lack of personal goals, besides wealth-generation and a missing need clarity, the mental models developed by Darwinians appear not to be as pronounced as the personal goals of Communitarians and Missionaries and hence less based on “specific cognitive strategies and goal-relevant actions” (Fiske & Neuberg, 1990, p. 36). This supports the argument above that ‘knowledge relatedness’ appears to be more relevant for Darwinians and is in line with findings from Wood et al. (2014), who argue that the relationship between

‘knowledge relatedness’ and the entrepreneurs’ willingness to pursue an opportunity is more positive when motivation is low than when it is high.

As different studies have established, when entrepreneurs evaluate opportunities that are strongly related to what they know, interpretations of the meaning of industry conditions are more positively influenced because entrepreneurs have additional insight to a more precise mental image of the opportunity (Haynie et al., 2009; McKelvie et al., 2011). Industry conditions are a salient information channel that conveys opportunity information in a manner that stimulates opportunity impressions (Hannan & Freeman, 1989). Shane (2003, p. 13) posits that industry conditions influence entrepreneurs’ “willingness and ability to found new firms in order to exploit entrepreneurial opportunities”.

Since Darwinians focus their search process at identifying environmental data, such as market size, market growth, consumer needs or information in relation to competition and industry conditions, opportunities and their industry conditions that are highly related to what they know personally are more positively interpreted by them. This also explains why Darwinians want to gather more data and gain more insights about an opportunity: to help them validate their understanding of the lucrativeness of the opportunity in alignment with their personal knowledge to obtain more confidence in forming their opportunity beliefs. In the same vein, Wood et al. (2014) found evidence that high ‘knowledge relatedness’ led to a more positive interpretation of industry conditions, supporting the formation of opportunity beliefs. As one Darwinian for example pointed out

*“I think I am probably best positioned to execute opportunity two, because I think I have got experience producing a tech platform in the market by managing two sides of the market and using technology to make their life a little bit easier. I have always been in this technical type of space and it has taught me a lot around the operational side”. (Joe).*

After the assessment of their ‘knowledge relatedness’, Darwinians finally conclude their validation process by using judgement criteria to evaluate if the opportunity is personally desirable for them and represents a personal fit. They look more inward and reflect about their personal values and motivations, which are mostly self-focused. For example, Darwinians explain their motivation for wealth-generation in connection with intrinsic values about personal freedom and (financial) independence. Yet, they do not mention any prosocial or

other-oriented motivations that are important for them and should be echoed by the opportunities. Judgement criteria that are of a subjective nature, like personal values, emotions, and the perceived attractiveness of the opportunity matter, but are not as influencing as the ‘knowledge-relatedness’ during their feasibility assessment. Even if Darwinians show a personal interest in an opportunity, they will still subordinate these subjective judgement criteria to objective ones to guide them as the most relevant part of their validation process during their opportunity evaluation.

Darwinians try to balance and control their emotions and personal associations during opportunity evaluation with the intention to be rational. It appears that they want to keep an emotional distance towards the opportunity during their validation process in order to prevent themselves from interfering with their belief that the opportunity has to lead to the maximisation of financial returns in the first place. Thus, as already mentioned, whether attempting to maximise economic gains or personal utility, the motivation of Darwinians to found a new venture is mainly driven by the effort to realise the private accumulation of wealth as either an end in itself (Baumol, 1990) or a means to a self-focused end (Carsrud et al., 2009). This is consistent with the traditional financial role, motivations and identity assumed for founders in most of the economics and economics-inspired strategy and entrepreneurship literature (Powell & Baker, 2014). As another Darwinian explained:

*“But one thing I can say, if this one, anyone, shows that this is massively better than the others from a return perspective, than that might sway my interest, even if it does not energise me the most” (Peter).*

Turning to Communitarians, it can be discussed that Communitarians want to understand in more detail if the idea behind the opportunity provides for a desirable product or solution that is in line with their other-oriented goal of creating social value for a certain social group or community. By doing so, they search for personal fit between themselves and a specific need for a certain social group or community. As mentioned before, Communitarians ‘individuate’ the opportunity and form first-person opportunity beliefs mainly during the search process, where their mental model impressions appear to be more strongly formed through the assessment of their ‘knowledge relatedness’. They subsequently move to the validation process where they critically assess the validity of the identified need and the feasibility of the opportunity. During the validation process they adapt or tweak the opportunity to fit with their

perceived opportunity conviction, in which the development of a novel and innovative product or solution can help to solve a certain problem of a social group or community. This is in line with the literature (Alsos et al., 2016; Brändle et al., 2019; Sieger et al., 2016) which argues that Communitarians tend to focus on developing products and services to contribute for the development of the community.

In doing so, their intimate knowledge and experience of the embedded needs of the social group or community influences their feasibility assessment during the validation process. Communitarians try to imagine or describe potential products and solutions that could be employed to that opportunity. They specifically mention their intention to involve the community or social group in a collective, collaborative and open fashion during the product development process. They feel that the community as the recipients, are best suited to assess if the solution and certain details would properly address their needs. Communitarians appear to develop solutions similar to the idea of user entrepreneurs put forward by Shah & Tripsas, (2007). These authors argue that user entrepreneurs stumble on an idea through their own use and then share it with their community. The process also involves a collective creative activity prior to venture creation within the user community. As one Communitarian outlined:

*“But it would have to be designed for their requirements. I think you really have to have students running parts of it, or designing or co-create parts of it, it really has to fully understand student’s needs which I am sure you would do over time, and you would adapt and improve” (Doris).*

Communitarians in contrast to Missionaries are not validating the need overly against potential challenges, since their goals are not targeted at broader social needs and they usually do not have to engage in institutional entrepreneurship by altering existing cultural, economic, and regulatory institutions (Dacin et al., 2010; Mair & Marti, 2009; McMullen, 2011). They rather consider the possibility of collaborating with governmental institutions as part of their feasibility assessment. It appears that they share some optimism that governmental institutions will support them in their purposeful opportunity pursuit.

Uncertainties and risks also play a role for Communitarians during the feasibility assessment. The strong goal clarity among Communitarians and the associated reduction in their risk and

risk perception can be linked again to the intimate knowledge about the embedded need of the social group or community as mentioned above.

Since Communitarians motivated information processing is triggered through an emotional connection to known others that creates a moral compulsion or genuine concern for the needs of this social group or community, their emotional connection that characterises compassion overrides a traditional mode of processing costs and benefits. It thereby gives way to a prosocial cost-benefit analysis that overcomes the typical individual's reluctance to engage in activities with higher personal risk (Wu & Knott, 2006). Hence, the validation process is not essential for the reduction of their level of risk perception, but rather to get a better understanding of their ability to achieve the desired solution or outcome for the social group or community. This is essential for Communitarians to gain more conviction about the opportunity and thus for the formation of first-person opportunity beliefs.

After the assessment of their 'knowledge relatedness', Communitarians finally conclude their validation process by using judgement criteria to evaluate if the opportunity can prove to be financially sustainable. They aim to conclude their validation process by using objective judgement criteria and identifying environmental cues such as market size, market growth, consumer needs and profit margins. They do not assess information about the competition and industry conditions, since their goal is not profit maximisation but to develop the best product or solution (Alsos et al., 2016; Fauchart & Gruber, 2011; Gruber & MacMillan, 2017; Sieger et al., 2016). Similar to Darwinians they do not appear to overly reflect about losses and therefore using judgement criteria in relation to loss estimation (Scheaf et al., 2020).

Communitarians consider judgement criteria that concern gain estimation and financial sustainability assessments, but these evaluation criteria are not as essential as the assessment of feasibility during the validation process and the judgement criteria representing their personal fit through 'knowledge-relatedness' during their search process. Even if Communitarians comprise those behaviours and actions that follow economic rationality and focus on the creation of for-profit ventures (Gruber & MacMillan, 2017) by assessing financial implications, they will still subordinate these objective judgement criteria to their goals and motivations that guide them during their search process. Hence, the validation process has the function to support and fine-tune the outcome of the personal fit assessment of Communitarians during their search process as the most relevant part during their opportunity evaluation.

Turning to Missionaries, it can be discussed that Missionaries want the opportunity to be feasible and financially sustainable to support the development of a solution that is in line with the creation of social impact. Missionaries 'individuate' the opportunity and form first-person opportunity beliefs during both the search and the validation process, where their mental model impression appear to be evenly formed through the assessment of their 'knowledge relatedness' as part of personal fit and social impact creation. Thus, the search part and validation part of the opportunity evaluation process appear to be equally important for Missionaries. Due to their strong goal clarity about following a social mission or creating social impact, they appear to focus mostly on basic and long-standing societal problems and needs such as poverty, hunger, unclean water, unemployment, access, education, human rights, etc. (Austin et al., 2006). Such needs or problems seem to be both widely prevalent and well known, thus reducing the level of risk perception for Missionaries and requiring little effort and resources to identify the needs or assess the demand for solutions (Lumpkin et al., 2013).

These goals often represent that Missionaries have to engage in institutional entrepreneurship by altering existing cultural, economic, and regulatory institutions (Dacin et al., 2010; Mair & Marti, 2009; McMullen, 2011). Missionaries are aware about this since they consider the necessity of involving governmental institutions as part of their feasibility assessment. In this sense Missionaries pay a lot of attention to the potential challenges and risks involved in generating social impact, but also pay attention to the fact that the opportunity is doable for them and they can see the viability of the opportunity. But as already mentioned before, financial sustainability also matters for Missionaries. If perceived as social entrepreneurs, the markets and contexts in which Missionaries establish their venture can be considered as challenging (Mair & Martí, 2006) and risky.

Social entrepreneurship usually emerges in contexts where markets are perceived to have failed (McMullen, 2011), or where institutional voids are significant (Austin et al., 2006; Mair & Marti, 2009). Missionaries as social entrepreneurs therefore have to not only deal with the risks involved of launching a new venture but in addition with the risk associated with constructing new institutions (Dacin et al., 2010). These challenges and risks play a role for Missionaries during their feasibility assessment. However, the risk considerations are mostly related to the ability to develop the right solution, and not predominantly in connection with cost-benefit analyses. As one of the Missionaries stated:



*"And we need a little bit of a change, the whole world needs change, and because that is a challenging sort of space, you know, the sort of social type of entrepreneurship type thing, and this is where I think you can make an impact if done properly" (Leo).*

It appears that their 'knowledge relatedness' and personal experience motivates them and makes them more aware about the implications of developing a solution for the social problem. Challenges as mentioned above do not appear to hold them back or affect them in their perceived opportunity conviction. Some Missionaries even embrace the difficulty or challenge in an opportunity as long as they are motivated to find a solution to the broader social need.

After the assessment of their 'knowledge relatedness', Missionaries finally conclude their validation process by using judgement criteria to evaluate if the opportunity can prove to be financially sustainable. They aim to conclude their validation process by using objective judgement criteria and identifying environmental cues such as market volume, market growth, consumer needs and profit margins. They do not assess information about the competition and industry conditions, since their goal is not profit maximisation but to develop a solution for the right social problem and establish a better world (Alsos et al., 2016; Fauchart & Gruber, 2011; Gruber & MacMillan, 2017; Sieger et al., 2016). Some Missionaries consider the competitive situation in the respective market, but it does not matter as much as they are in contexts where markets are perceived to have failed (McMullen, 2011), or institutional voids are significant (Austin et al., 2006; Mair & Marti, 2009). Similar to Darwinians and Communitarians they do not appear to overly reflect about losses and therefore using judgement criteria in relation to loss estimation (Scheaf et al., 2020).

Missionaries consider judgement criteria that concern gain estimation and financial sustainability assessments, but these evaluation criteria are not as essential as the feasibility assessment during the validation process. Since Missionaries motivated information processing is elicited through an emotional connection to others that creates a moral compulsion or genuine concern for the needs of others (De Dreu et al., 2008), their emotional connection that characterises compassion overrides a traditional mode of processing costs and benefits. As such a rational cost-benefit analysis is not very likely to generate sufficient motivation for Missionaries to form a venture.

Due to the challenges involved Missionaries must not only attempt to found a venture but also must work to establish an infrastructure that supports the venture (Austin et al., 2006; Mair & Marti, 2009). In economic terms, “the personal risks of such an approach are high and the benefits unknown, rendering the objective plausibility of the associated action quite low” (Miller et al., 2012, p. 626). Rather a prosocial cost-benefit analysis can explain the perspective of Missionaries, whereas the individual broadens the array of possible benefits inherent in an opportunity (Grant & Berry, 2011), and identifies the various social benefits that could supplement any positive financial returns (Miller et al., 2012). An emotional connection with others’ suffering can change individuals’ position toward risk such that they will undertake risks because those risks are in line with their compassionate values (Kahan, 2008), as mentioned before.

It thereby gives way to a prosocial cost-benefit analysis that overcomes the typical individual’s reluctance to engage in activities with higher personal risk (Wu & Knott, 2006). Hence, Missionaries do not conduct the validation process primarily for the reduction of their perceived level of risk perception, but rather to get a better understanding of their ability to achieve the desired solution or outcome for the social group or community. This is essential for Missionaries to gain more conviction about the opportunity and thus for the formation of first-person opportunity beliefs.

Even if Missionaries comprise those behaviours and actions that follow economic rationality and focus on the creation of for-profit ventures (Gruber & MacMillan, 2017) by assessing financial implications, they will still subordinate these objective judgement criteria to their goals and motivations that guide them during their search process. Reframing challenges as opportunities and possibilities helps Missionaries to overcome a key barrier in forming a new venture. It appears that this enhanced perspective taking increases their cognitive flexibility, willingness to take risks, and willingness to embrace complexity, which supports their access to ideas and potential solutions (Grant & Berry, 2011). If their activities are understood as social entrepreneurship, which often requires substantial societal reforms (Austin et al., 2006; Mair & Marti, 2009), their emotional connection and compassion with sufferers in desperate need of such reforms can override the associated and considerable personal risks (Miller et al., 2012). As one Missionary outlined:

*"It is about building a sustainable business where we are not running at a loss and risk everything, but we are sort of focusing on social impact, that is where our motivation lies" (Joe).*

Hence, the validation process has an equally important function as the search process for Missionaries. In contrast to Communitarians, the search and validation part of the opportunity evaluation process appear to be equally important for Missionaries as they 'individuate' the opportunity and therefore provide for a more balanced overall opportunity evaluation process.

### **6.2.3. Alternative approaches to the search and validation process - the case of Missionaries**

As outlined in the findings section, there are certain circumstances that can alter the search and validation process of Missionaries during the opportunity evaluation process. These alterations can presumably also occur for the other two founder identity types during their opportunity evaluation process, but evidence for which has not been observed in this study.

Findings revealed that although the vast majority of the sample consisted of first-time founders, one Missionary happened to be a serial entrepreneur. All of his prior ventures and the current one that he founded focus on the creation of social impact. For example, one of the ventures he had co-founded used drones to predict and fight fires in areas of increased biomass in South Africa. Yet, he is using a different opportunity evaluation sequence than the Missionaries that are first-time founders. Instead of initiating his search process with looking outward and trying to create a personal fit with a perceived broader social need, he assesses all opportunities based on judgement criteria in relation to feasibility, such as 'knowledge-relatedness' and experience. This is followed by a prioritisation of gain estimation criteria. He does not mention the importance of a social mission or social impact creation during the search and validation process at all. This was different as the broader social need was an essential part in the search process of Missionaries.

In doing so, he keeps a certain distance to the opportunity and evaluates it from a different perspective compared to other Missionaries. For example, he does not necessarily see himself as being directly involved in the venture as a founder but perceives himself to be more of a facilitator or an investor. By assuming a different founder role, he assesses the opportunities in relation to potential business models, development trajectories and building blocks for the

potential venture instead of focusing on goals and needs as Darwinians, Communitarians and other first-time founder Missionaries do.

One explanation for this deviation in the opportunity evaluation process can be that due to his experience as a serial entrepreneur, his search process has improved and has become more effective by systematically restricting his search to known domains (Fiet, 2007). This can be the reason why he focuses on the assessment of feasibility and his past experience instead of initiating his search process with finding personal fit between himself and the opportunity as the first-time Missionary founders do.

Another explanation can be that the founder role has changed since he has founded his first venture and subsequently created additional ventures. The experience that he has gained during these activities appears to influence the way he is assessing new venture opportunities. This founder role perspective as an investor or facilitator seems to have an impact on his goal and need clarity, elements on which he does not focus during the initiation of the search. Hence, these findings are consistent with the interpretation of other researchers, who have found that differences reflect underlying role identities (e.g., inventor, founder, or developer) that promote different entrepreneurial behaviours (Cardon et al., 2009; Gartner et al., 1999; Mathias & Williams, 2017). Cardon et al. (2009), for example, suggest that critical differences across entrepreneurs in their behaviour and actions are based on differences in passions, motivations, and corresponding role identities. Mathias and Williams (2017) argue that different role identities in the form of managerial and investing roles matter and could frequently guide the action and behaviour of entrepreneurs. They show “that entrepreneurs not only search for the best opportunities for them, but for the best opportunities for their role” (Mathias & Williams, 2017, p. 912). Hence, what they consider to be the best opportunities shifts to those opportunities that are in line with their existing role-related goals, and the situation in which the entrepreneur thinks and acts.

### **6.3. Conclusion**

In conclusion, this chapter discussed the theoretical contributions and implications of the findings of this research. Understanding how individuals evaluate opportunities by using different combinations of judgement criteria is important for advancing the knowledge of entrepreneurial behaviours.

The study contributes to entrepreneurship theory by revealing that distinct founder identities influence the opportunity evaluation process of first-time founders. First-time founders with distinct founder identities use different *search* and *validation* processes during opportunity evaluation. Their identity affects their choice and combination of judgement criteria to select opportunities during their opportunity evaluation. They use different combinations of judgement criteria during the opportunity evaluation process, which is for the most part in line with the literature (Scheaf et al., 2020). However, 'loss estimation' as one category of judgement criteria is not perceived as overly important by all first-time founders, and rather plays a minor role for them during opportunity evaluation. Exceptions occurred, which indicate that the search and validation processes found in these distinct founder identity types can be distorted by the level of former entrepreneurial experience inherent in serial entrepreneurs and role specific behaviors based on former work experience.

In this regard, this study offers novel insights on the forming of first-person opportunity beliefs derived from the use of individual-level cognitive resources during opportunity evaluation. It provides evidence that social identities of founders relate to distinct entrepreneurial behaviours and actions during the entrepreneurial process, and in specific to distinct behaviours and actions during opportunity evaluation as part of the entrepreneurial process. In that way, founders use opportunity related information to create a mental image of the opportunity and, at the same time, that image is formed in part by their social identity as they 'individuate' information to develop beliefs about the personal fit between them and the opportunity. This findings support the notion that opportunities are not equally appealing to all (Dimov, 2010; McMullen & Shepherd, 2006), and are in line with findings from other authors who state that an opportunity might appear to be more attractive to a specific individual than to another (Wood et al., 2014).

## CHAPTER SEVEN

### CONCLUSION

This research investigated a question of theoretical importance - *how does founder identity influence opportunity evaluation?* After discussing the findings in the previous chapter, the purpose of this chapter is to conclude the thesis by providing a synthesis of the findings, as well as presenting the theoretical contributions and the conceptual model that culminated from the analysis of the findings. The chapter then discusses the practical implications of the study, limitations and directions for future research.

#### 7.1. Theoretical contributions

The findings of this study revealed that differences in the structure of founder's identities drive variations in how founders evaluate entrepreneurial opportunities and form first-person opportunity beliefs. The study shows that the 'individuation' of the opportunity evaluation process varies between distinct founder identity types. I have validated that the three distinct social identities influence entrepreneurial behaviour and therefore the entrepreneurial process. The selection of the respective opportunity by Darwinians, Communitarians and Missionaries (Fauchart & Gruber, 2011) is based on the best fit with the existence of an initial need clarity, and the difference between 'self-focus' or 'other-focused'. In association with need clarity, findings show that the distinct founder identity types articulate (or not) specific venture goals. Since the venture goals of Darwinians, for example, are unclear besides personal monetary gain, they do not possess need clarity or want to solve a specific problem. This contrasts with Communitarians and Missionaries who possess goal clarity and therefore need clarity. For example, the goal clarity for Missionaries often translates into a 'social mission'. Hence, the goal and need clarity is related to the type of value creation potential that individuals associate with opportunities.

The judgement criteria proved to be a representation of their social identity and their relevant social worlds. As such, they were in line with their initial goal and need clarity and their 'self-focused' or 'other-focused' motivation. This means that given the same information about the opportunity context, founders with distinct social identities were differently attracted to the opportunities after using certain sequences of judgement criteria during the opportunity evaluation process. However, the differences between the founders were not apparent based on

the selection of a specific opportunity prototype (Baron & Ensley, 2006), since different opportunities were selected by the same founder identity. Rather, the selection of an opportunity through first-person opportunity beliefs occurred through cognitive processes of individuals by subjective perceptions of congruence as opposed to objective opportunity characteristics.

These findings contribute to the debate in the literature related to managers' risk profiles in comparison with entrepreneurs', a debate that focuses on how individuals think about and perceive risk. On the one hand, scholars support the notion that the propensities of entrepreneurs towards risk are lower than others, for example managers, and therefore facilitate that entrepreneurs perceive opportunities as less risky (Stewart & Roth, 2001). Yet, other scholars suggest that the distribution of entrepreneurs' risk propensities do not differ between individuals (Miner & Raju, 2004) or the general population (Brockhaus, 1980). Therefore differences in behaviour can result from differences in risk perception, or the risk perceived as a result of the specific situation, context, or opportunity (Baird & Thomas, 1985; Palich & Bagby, 1995). The findings of this research support the perspective that risk perceptions of individuals are highly situational. Due to differences in their goal clarity and therefore need clarity, founders can perceive opportunities as situations with lower risk that are in line with their self-concepts, as they attempt to identify-relevant actions in creating new ventures (Fauchart & Gruber, 2011). Hence, goal clarity (or lack thereof) can change the risk propensities resulting in perceiving opportunities as less risky than others might perceive them to be (Stewart & Roth, 2001). Thus, this research advances the situation-specific view of risk (Janney & Dess, 2006; Mullins & Forlani, 2005) and that social identities similar to role identities (Mathias & Williams, 2017) represent an understudied element of the situation.

In this regard, this study offers novel insights into the forming of first-person opportunity beliefs derived from the use of individual-level cognitive resources during opportunity evaluation. It provides evidence that social identities of founders relate to distinct entrepreneurial behaviours and actions during the entrepreneurial process and, in specific, to distinct behaviours and actions during opportunity evaluation as part of the entrepreneurial process. It can therefore be concluded that founders use opportunity related information to create a mental image of the opportunity and at the same time, that image is formed in part by their social identity as they 'individuate' information to develop beliefs about the personal fit between them and the opportunity. In line with research, this study supports the notion that

opportunities are not equally appealing to all (Dimov, 2010; McMullen & Shepherd, 2006), and where an opportunity might appear to be more attractive to a specific individual, it may not necessarily appeal to another (Wood et al., 2014).

The study also offers the possibility to predict the forming of first-person opportunity beliefs in relation to the social identity of founders as a variable person-specific factor, which characterise differences in the opportunity-individual nexus. Since a person's social identity constitutes as a cognitive frame for interpreting experience and increases sensitivity and receptivity to certain cues for behaviour, individuals as evidenced in this research are more likely to choose situations that make a highly salient identity relevant and to strive for behaviours and actions that are in line with that identity (Hogg et al., 1995; Stets & Burke, 2000).

In summary, the study contributes to entrepreneurship theory by providing preliminary evidence of individual differences in the interpretation of personal meaning of opportunity information during opportunity evaluation. Identity, in this regard, can assist as a cognitive frame that increases sensitivity to certain cues for behaviour. Founders perceive only those situations as opportunities that are in line with their self-concepts as they attempt to identity-relevant actions in creating new ventures (Fauchart & Gruber, 2011). Hence, an individual's identity can be considered a key factor during opportunity evaluation that is separate from other factors discussed in the literature, such as prior knowledge and different cognitive abilities (Scheaf, 2018; Shane, 2003; Shane & Venkataraman, 2000; Wood et al., 2014).

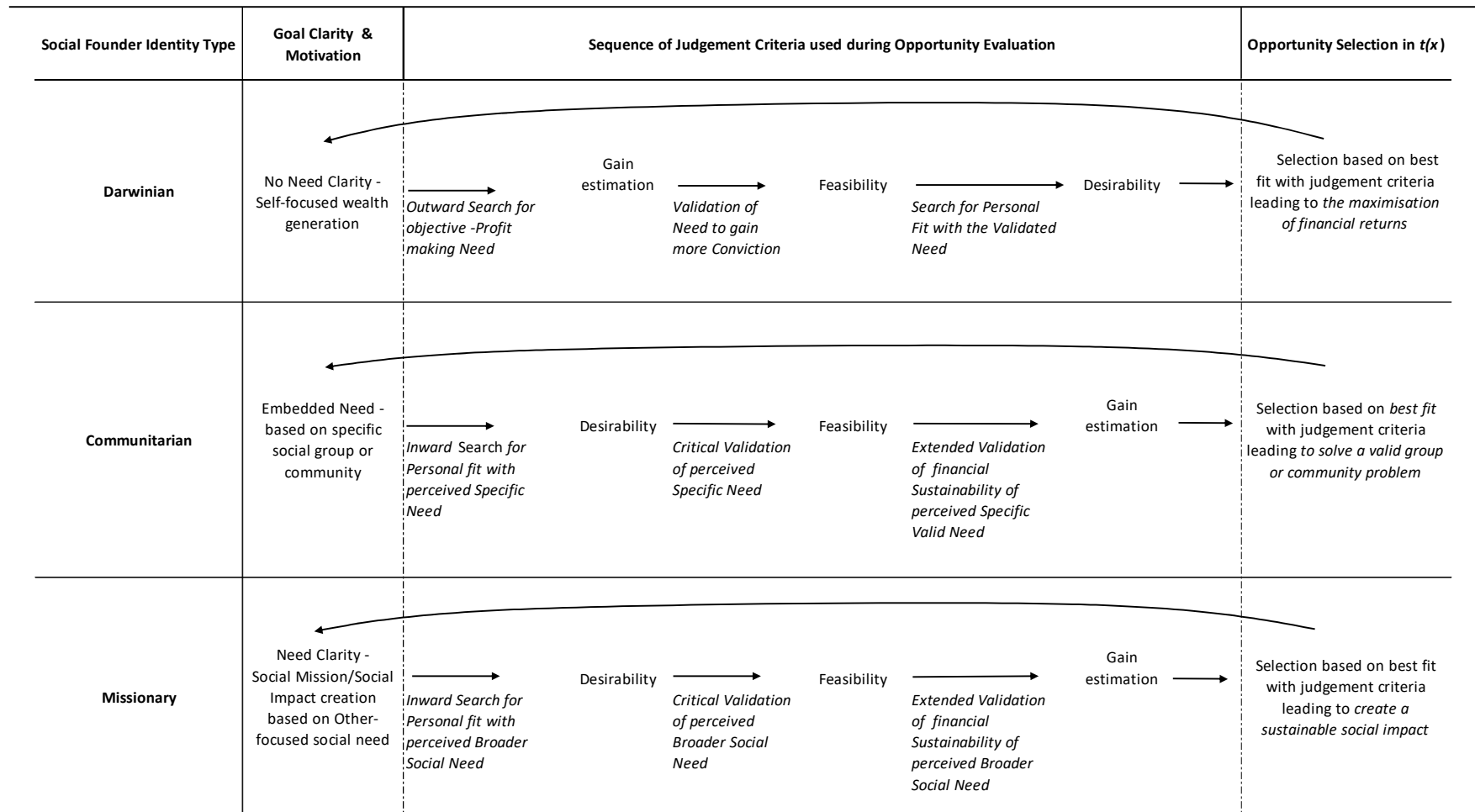
#### **7.1.1. Proposed conceptual model**

Understanding the answer to the “how” of the research question was explored by showing how founders with distinct social identities vary in their way of evaluating opportunities when confronted with different opportunity scenarios. The conceptual model I inducted answers the “how” question by theorising the process leading from distinct founder identities and their venture goals and motivation through the opportunity evaluation process to the forming of first-person opportunity beliefs. This conceptual model - based on both the quantitative and qualitative findings - is illustrated in Figure 4 below.



The judgement criteria subsequently used during the opportunity evaluation follow certain *search* and *validation* processes and differed between the founders with distinct social identities. The sequence based on a certain search and validation process determines if founders adapt towards the opportunity by focusing on objective opportunity characteristics or if founders try to align the opportunity towards themselves by focusing on subjective opportunity characteristics. This distinction leads to different ways in which founders try to create a personal fit between themselves and the opportunity. In other words, it affects the way how founders ‘individuate’ the opportunity during the opportunity evaluation process.

These findings are important because the initial motivation to search for certain opportunity attributes and the sequence of judgement criteria used to validate an entrepreneurial opportunity illustrate the personalisation or individuation of the opportunity evaluation process. The process characterises how individuals form personally relevant opportunity beliefs about the attractiveness of pursuing an opportunity as a trigger for entrepreneurial action (or not). These beliefs are key drivers of entrepreneurial behaviour (McMullen & Shepherd, 2006). Revealing the mechanisms that influence opportunity beliefs is important to advance the understanding of entrepreneurial behaviours and outcomes.



**Figure 4:** Process Model of distinct Founder Identity Types during Opportunity Evaluation

## **7.2. Practical Implications**

The findings offer several practical implications for entrepreneurs and researchers. They reveal potential for improvement in the entrepreneurial process and the outcomes of entrepreneurial activities for founders and policy makers.

First, they show the importance of acknowledging the variations in founders' venture goals and motivations in forming a new venture. These variations suggest that policy makers and advisors should not only assume that all entrepreneurs are mainly motivated by profits and act accordingly. On the contrary, motivational structures are rather varied, and consequently, entrepreneurial behaviours vary depending on the identity of the entrepreneur, including his/her motives. Failure to take this into account may lead to inadequate advice and incitements directed towards entrepreneurs and hence poorer results from initiatives. Entrepreneurial training programs focus mostly on assisting entrepreneurs to develop their business ideas and related business plans. By doing this, these programs adhere to standard procedures that do not necessarily consider motivational structures and variations in venture goals of entrepreneurs.

Second, the social identity of founders can play an important role in the way founders manage new venture legitimacy judgments during their entrepreneurial process across diverse audiences. Founders have to appear legitimate to different audience groups that provide much needed financial resources for venture survival and growth (Fisher, Kuratko, Bloodgood, & Hornsby, 2017), and construct their entrepreneurial narrative (Gartner, 2010; Navis & Glynn, 2011). An improved matching and alignment between the goals and motivations of founders and financial investors could potentially support and benefit the entrepreneurial process of founders. Short-term vs. long-term orientation and other goals that affect the value creation and value distribution strategy of a new formed venture could be better aligned between founders and financial investors.

Other stakeholders, such as future employees, communities, suppliers and customers could better understand the priorities of founders during the opportunity evaluation process. This would provide these stakeholders with better options or incentives to consider if engaging themselves with ventures of founders with respective founder identities or not, and support the facilitation of the venture forming process through their stakeholder relationship (Vandekerckhove & Dentchev, 2005; York et al., 2016). Incubators and accelerators could

evaluate founders at an earlier stage to assess if potential ventures fit their strategic profile or revise their support services during the venture incubation period based on the specific needs of different founders. By deliberately considering certain type of ventures that target outcomes on an enterprise, community, or societal level, these incubators or accelerators can adapt and link their performance measurement to specific performance measurements on the enterprise, community and societal levels. Accounting for individual differences during the process of opportunity evaluation could help incubators and accelerators understand where founders in their search and validation process would need more support. This could lead to a higher level of founders forming their first-person opportunity beliefs and potentially following through with opportunity exploitation. Vice versa, it could lead to less founders aborting the venture forming process during opportunity evaluation.

### **7.3. Limitations and Directions for Future Research**

Despite the theoretical and practical contributions, this study also possesses a few limitations. Three limitations are outlined below, which include the expansion upon and further clarification of the concept of founder identity, the research sample, and limitations related to the research design.

First, the analysis in this study is based on the original typology of Fauchart and Gruber (2011) using three social entrepreneurial identities. This typology represents only one way of differentiating between different types of identity. In this study, I have empirically validated that the three distinct social identities influence the opportunity evaluation process and therefore entrepreneurial behaviour. However, as individuals can identify simultaneously with multiple identities (hybrid identities as suggested by Fauchart and Gruber 2011), future research should pay more attention to the implications this has for their behaviour, as it might give further insight into the relative strength of the identities in terms of opportunity evaluation and entrepreneurial behaviour. Hence, future studies could be extended to include hybrid identities.

Moreover, further studies adopting longitudinal approaches are needed to verify the findings. First-person opportunity beliefs are subject to an ongoing evaluation through the use of different categories of key judgement and matter in the perpetuation of the entrepreneur's intention to pursue the opportunity. McMullen and Shepherd (2006) also describe opportunity

evaluation as an iterative process that emerges over time. Hence, longitudinal studies would add value by examining variations in behaviour and identity over time and show how the opportunity evaluation process would remain consistent or affected by alterations due to these variations. Future longitudinal studies would also support a better understanding of the dynamic identity construction process, as well as the contextual factors influencing the process over time.

Second, a limitation of the present research was that the research sample consisted mainly of participants that were first-time founders. This is usually thought of as a strength for entrepreneurship research (Hsu, Simmons, & Wieland, 2017). By focusing on studying first-time founders, the study acknowledges that alterations in the opportunity evaluation process of founders with distinct founder identities can occur if the founder has successfully founded ventures in the past ('serial entrepreneur'). Further research is needed to ascertain whether the findings of this study can be more broadly generalised in relation to the influence of founder identity on opportunity evaluation. Scholars, for example, have begun to examine the behaviours of serial entrepreneurs in other phases of the entrepreneurial process, primary among which is opportunity identification. These studies illustrated how experienced entrepreneurs have refined abilities in opportunity identification that shape their behaviour in entrepreneurship (Baron & Ensley, 2006), as they identify and choose among a greater number of opportunities than others (Gruber, MacMillan, & Thompson, 2008; Ucbasaran, Westhead, & Wright, 2009).

Finally, several limitations in relation to the research design are present. Patterns that emerged in this research must be interpreted within the limitations of a cross-sectional, exploratory research design, particularly its inability to determine directions of causality. Hence, its extension to entrepreneurial action explanation requires one to determine whether the findings on how entrepreneurs think they would go about acting entrepreneurially correspond to how they actually behave under natural circumstances. Additionally, belief formation based on McMullen and Shepherd (2006) is broken into two distinct phases: Third-person opportunity beliefs (i.e., an opportunity for someone) form as a result of the opportunity identification phase. First-person opportunity beliefs (i.e., an opportunity for me) form as a result of the opportunity evaluation phase.

Although there is the assumption that belief formation follows the path of opportunity identification phase to the opportunity evaluation phase (McMullen & Shepherd, 2006), the cross-sectional exploratory research design did not account for the differentiation between the two phases during the interviews. Building on this, findings of this study show that founders with distinct social identities vary in their goals and motivation. This could have an influence on whether opportunity identification and evaluation happen simultaneously or sequentially. For example, some of the Missionaries were maintaining their venture goals for quite some time, which could mean that their opportunity evaluation was (significantly) delayed by the time of their opportunity identification. Darwinians, in contrast, appeared to be unclear on their venture goals, which could imply that the time between opportunity identification and opportunity evaluation is much shorter, or even happening rather simultaneously. In this vein future research could examine how this transition between opportunity identification and evaluation is emerging over time and how person-specific factors influence this transition.

By its very design, this study gave founders in the qualitative part opportunity scenarios that could have presented them with unintended stimuli and encouraged them to think about potential opportunities in a certain way. However, founders with their distinct social identities did not show preference for any specific opportunity scenario. For the quantitative part of the study, the use of self-reported survey data carried the risk of common method bias (CMB) in the result (Podsakoff, MacKenzie, & Lee, 2003). However, recent findings of a comprehensive assessment of evidence on common method variance (CMV) and CMB deemed CMB a low threat to validity (Bozionelos, 2018). Furthermore, in this research study, the main focus is on the qualitative part and the use of qualitative research to follow up on the results from the quantitative part, being a different and complementary data collection method, may have mitigated CMB to a degree.

In terms of direction for future research, the findings of this study suggest that scholars at the intersection of entrepreneurship and identity should further probe the impacts of identity beyond initial motivation to include venture goals. Often ventures are not formed only by one individual founder but by one or several co-founders. These nascent venture teams have to undergo the entrepreneurial process in a similar fashion like individual founders. Powell and Baker (2017) explored the extension of founder identity theory from an individual to a collective identity prototype by applying the social founder identity typology from Fauchart and Gruber (2011). These authors observed that the construction of a collective identity

prototype influenced whether or not founding teams remained engaged in their mutual organising efforts. In a similar vein, it would be interesting to see how teams of multiple founders with similar or different founder identity types would approach the opportunity evaluation process simultaneously by using combinations of judgment criteria similar to the process model developed in this thesis. Depending on founding teams that consist of founders with the same founder identity types or not (Powell and Baker, 2017), it would be revealing to observe and understand if conformity or nonconformity between the individual group members would lead to opportunity exploitation by all group members, only by individual group members or an abandonment of the entrepreneurial opportunity altogether.

Identity can also serve as a touchstone for investor judgements about new venture plausibility and could have important implications for firms gaining and maintaining legitimacy and securing resources beyond initial stakeholders (Navis & Glynn, 2011). Founders are not the only one that evaluate opportunities. Rather there are a number of potential stakeholders that have to share similar positive evaluations of the opportunity in order to accomplish the pursuit of the opportunity (Wood & McKelvie, 2015). The most salient group of stakeholders discussed in the literature is financial investors. As mentioned above, founder identity can be significant in the way founders manage new venture legitimacy judgments during their entrepreneurial process. They need to appear legitimate to different audience groups that develop their own mental models of the opportunity derived from mechanisms such as business plans and funding pitches (Wood & McKelvie, 2015), and provide much needed financial resources for venture survival and growth (Fisher et al., 2017). A venture is perceived as legitimate if others consider it as “desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions (Suchman, 1995, p. 574). Entrepreneurial ventures depend on resources and support from a diverse range of audiences including individual supporters, venture capitalists, government agencies and corporations (Denis, 2004; Hanlon & Saunders, 2007). Different audiences have differing norms, beliefs, rules, and procedures for assessing a venture (Fisher, Kotha, & Lahiri, 2016).

Since legitimacy assessments represent social judgments that reside in the eye of the beholder (Ashforth & Gibbs, 1990; Webb, Tihanyi, Ireland, & Sirmon, 2009), such assessments are audience dependent (Suchman, 1995). Wood and McKelvie (2015, p. 264) call the “degree of similarity or fit between the individual’s mental image of the opportunity and the image held by others” congruence. Therefore, it appears that more research is needed to gain a better

picture of how the fit between founders' evaluation of the opportunity and those of other stakeholder's influences opportunity pursuit. Future research should explore identity matching mechanisms which align founder identity with the identity, associative, and organisational legitimacy associated with different audiences. Additionally, research on the congruence between the opportunity image construction of founders and that of other key stakeholders could generate insights that support the founders' advancement during their entrepreneurial process.

To conclude, I hope that this dissertation provides a meaningful contribution for the better understanding of how we can expand our social impact when creating new ventures.



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## **APPENDICES**

### **Appendix A      Quantitative data collection preparation and scale**

#### **Survey Invitation Email: Covering Letter**

Dear Students and Founders,

Thank you for your time. I'm writing to ask for your help with an online survey I'm carrying out to explore the influence of social identities on entrepreneurial decisions. This survey forms part of a research project that is being conducted in fulfilment of the requirements for the PhD degree, under the auspices of the University of Cape Town. Your participation matters!

I would very much appreciate it if you could take 3 minutes to fill out the three question survey. Please respond to each question based on your perceptions.

Kindly note that this research has been approved by the Commerce Faculty Ethics in Research Committee. Your participation in this research is voluntary. All responses will be confidential and used for the purposes of this research only. Please be assured that anonymity is guaranteed; all responses will be aggregated. Furthermore, you can withdraw from the research at any time.

You can access the survey via the link below: <https://www.surveymonkey.com/r/SIF>

If you are interested in this topic, and would be available for a follow-up interview, please state so in the survey.

Should you have any comments or questions, please feel free to contact the researcher:

Farsan Madjdi,  
PhD Student Graduate School of Business (GSB)  
University of Cape Town (UCT)  
Email: [mdjfar001@gsb.uct.ac.za](mailto:mdjfar001@gsb.uct.ac.za)

Sincerely, [signature]  
Mr. Farsan Madjdi

## CONSTRUCT SCALE ITEMS

### **Question A: I will create my firm in order...**

A1 to make money and become rich.

A2 to advance my career in the business world.

A3 to solve a specific problem for a group of people that I strongly identify with (e.g., friends, colleagues, club, community).

A4 to play a proactive role in shaping the activities of a group of people that I strongly identify with.

A5 to play a proactive role in changing how the world operates.

### **Question B: As a firm founder, it will be very important to me...**

B1 to operate my firm on the basis of solid management practices.

B2 to have thoroughly analysed the financial prospects of my business.

B3 to provide a product/service that is useful to a group of people that I strongly identify with (e.g., friends, colleagues, club, community).

B4 to be a highly responsible citizen of our world.

B5 to make the world a “better place” (e.g., by pursuing social justice, protecting the environment).

### **Question C: When managing my firm, it will be very important to me...**

C1 to have a strong focus on what my firm can achieve vis-à-vis the competition.

C2 to establish a strong competitive advantage and significantly outperform other firms in my domain.

C3 to have a strong focus on a group of people that I strongly identify with (e.g., friends, colleagues, club, community).

C4 to support and advance a group of people that I strongly identify with.

C5 to have a strong focus on what the firm is able to achieve for society-at-large.

C6 to convince others that private firms are indeed able to address the type of societal challenges that my firm addresses (e.g., social justice, environmental protection).

## Appendix B Quantitative data collection results – Confirmatory Factor Analysis

**Table of Descriptive Statistics**

	N	Minimum	Maximum	Mean	Std. Deviation
Personal Interest - Construct I - Advance Career	173	1	7	4.91	1.732
Mutual concern for the benefit of known others - Construct IV - Solve specific problem	173	1	7	5.39	1.609
Mutual concern for the benefit of known others - Construct IV - Play proactive role	173	1	7	5.15	1.548
Advancing a cause - Construct VII - Proactive role in changing how the world operates	173	1	7	5.95	1.309
Being a competent professional - Construct II - Solid Management practices	173	1	7	6.13	1.105
Being a competent professional - Construct II - Thoroughly analysed financial prospects	173	1	7	6.05	1.150
Being true to similar others - Construct V - Useful to a group of people	173	1	7	5.49	1.535
Contributing to make the world a better place - Construct VIII - highly responsible citizen	173	2	7	6.12	1.130
Contributing to make the world a better place - Construct VIII - make the world a better place	173	1	7	6.00	1.225
Competitors - Construct III - Strong focus on competition	173	1	7	5.68	1.160

Competitors - Construct III - Strong competitive advantage	173	1	7	5.72	1.169
Similar others/ specific social group - Construct VI - Strong focus on group	173	1	7	5.05	1.480
Similar others/ specific social group - Construct VI - Support and advance group	173	1	7	5.12	1.547
Society at large - Construct IX - focus on what the company can achieve for society at large	173	2	7	5.94	1.147
Society at large - Construct IX - convince other that private firms can address societal challenges	173	1	7	5.45	1.476
Valid N (list wise)	173				

### Table of KMO and Barlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.773
Bartlett's Test of Sphericity	Approx. Chi-Square	1391.280
	df	105
	Sig.	.000

**Table of Total Variance explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.996	33.310	33.310	4.996	33.310	33.310	3.540	23.601	23.601
2	2.664	17.758	51.068	2.664	17.758	51.068	3.362	22.413	46.014
3	1.881	12.538	63.605	1.881	12.538	63.605	2.639	17.591	63.605
4	.948	6.323	69.929						
5	.858	5.720	75.649						
6	.703	4.683	80.332						
7	.560	3.730	84.063						
8	.475	3.167	87.230						
9	.466	3.110	90.340						
10	.337	2.246	92.586						
11	.323	2.150	94.736						
12	.308	2.053	96.789						
13	.198	1.320	98.108						
14	.164	1.090	99.199						
15	.120	.801	100.000						

Extraction Method: Principal Component Analysis.

**Table of Rotated Component Matrix**

	Component		
	1	2	3
Similar others/ specific social group - Construct VI - Support and advance group	.856	.106	-.107
Similar others/ specific social group - Construct VI - Strong focus on group	.842	.132	-.138
Being true to similar others - Construct V - Useful to a group of people	.825	.173	-.007
Mutual concern for the benefit of known others - Construct IV - Play proactive role	.752	.246	.028
Mutual concern for the benefit of known others - Construct IV - Solve specific problem	.748	.313	.087
Contributing to make the world a better place - Construct VIII - make the world a better place	.234	.873	.060
Society at large - Construct IX - focus on what the company can achieve for society at large	.121	.836	-.063
Advancing a cause - Construct VII - Proactive role in changing how the world operates	.086	.835	-.036
Contributing to make the world a better place - Construct VIII - highly responsible citizen	.294	.711	.070
Society at large - Construct IX - convince other that private firms can address societal challenges	.292	.618	-.008

Being a competent professional - Construct II - Thoroughly analysed financial prospects	.084	.102	.819
Being a competent professional - Construct II - Solid Management practices	.045	.059	.787
Competitors - Construct III - Strong focus on competition	-.135	.033	.753
Competitors - Construct III - Strong competitive advantage	-.127	-.027	.739
Personal Interest - Construct I - Advance Career	.021	-.286	.426

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalisation.<sup>a</sup>

a. Rotation converged in 5 iterations.

**Table of Rotated Component Matrix**

	Component		
	1	2	3
Similar others/ specific social group - Construct VI - Support and advance group	.856	.106	-.107
Similar others/ specific social group - Construct VI - Strong focus on group	.842	.132	-.138
Being true to similar others - Construct V - Useful to a group of people	.825	.173	-.007
Mutual concern for the benefit of known others - Construct IV - Play proactive role	.752	.246	.028
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Being a competent professional - Construct II - Thoroughly analysed financial prospects	.084	.102	.819
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Competitors - Construct III - Strong focus on competition	-.135	.033	.753
Competitors - Construct III - Strong competitive advantage	-.127	-.027	.739
Personal Interest - Construct I - Advance Career	.021	-.286	.426

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalisation.<sup>a</sup>

a. Rotation converged in 5 iterations.

### Table of Component Transformation Matrix

Component	1	2	3
1	.728	.684	-.049
2	-.100	.177	.979
3	.678	-.708	.198

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalisation.

## **Appendix C            Qualitative data collection preparation**

### **Invitation to be Prospective Interviewees**

Subject line: PhD Follow-Up Interview

Dear [Title/Position and Name]

Thank you once again for responding to my online survey a while ago regarding the influence of social identities on entrepreneurial decisions. I am writing to set up a meeting, as you indicated your willingness to be interviewed in the qualitative phase of the study.

Please let me know your availability for a 45–60 minute interview.

Many thanks; I look forward to hearing from you.

Regards, Farsan Madjdi

## INTERVIEW CONSENT FORM

### INTERVIEW CONSENT FORM

**Participant name:**

I volunteer to participate in a research project conducted by **Farsan Madjdi** as partial fulfilment of the requirements for the PhD Degree at the Graduate School of Business. I understand that the research is designed to gather information about **the social identities of founders** and that I will be one of approximately 30 people being interviewed for this research.

Background and purpose of the research

Entrepreneurship is a fundamental part of the economic development of societies and an interesting phenomena to investigate, because to a large extent it offers individuals the freedom of personal expression – firm founders have the freedom to pursue those types of opportunities that match their own preferences, choose the ways in which they want to exploit their opportunities, and pursue the goals that they have set for themselves. The proposed research study intends to investigate how social identities influence the entrepreneurial behavior during the process of recognising and developing opportunities.

Ethics approval

Ethical consent for the study has been approved by the *UCT Commerce Faculty Ethics in Research Committee*.

Participation and confidentiality

I understand that my participation in this research is voluntary, that I will not be compensated and that I may withdraw at any time. The interview will take approximately 15 - 30 minutes to complete and will be audio recorded.

I understand that I will not be identified by name in any reports using information obtained from this interview and that my confidentiality as a participant in this study will remain secure. Subsequent uses of records and data will be subject to standard data use policies which protect the anonymity of individuals and institutions.

Should you have any questions or concerns please contact me.

Farsan Madjdi ([MDJFAR001@gsb.uct.ac.za](mailto:MDJFAR001@gsb.uct.ac.za)).

## INTERVIEW PROTOCOLS – OPPORTUNITY SCENARIOS

### Scenario 1 – Coffee capsules



Imagine that you can be **the founder** of a new venture/business that produces coffee capsules (coffee pods) that are compatible with Nespresso™ machines.

Nespresso™ coffee capsules and capsules from other brands represent a multi-billion \$US business opportunity. 7 Billion Nespresso™ capsules and 2 Billion alternative capsules are very profitably sold every year on a global level while the overall market size for capsules is still increasing. The demand for alternative capsules in comparison to Nespresso capsules has grown faster in recent years. Niche market segments based on preferred tastes are opening up and consumers look for more differentiation and alternatives to the original Nespresso™ capsules.

The vision of the business is to offer coffee capsules with exceptional flavor sourced from different regions in Africa to cater for the South African and the global market, and all of the coffee is organic and of high quality.

#### Tasks

1. Do you believe that each scenario represents a potential business opportunity? If yes, why?
2. Which scenario would you select if you imagine to be the founder for the opportunity behind it?
3. How would you try to develop this opportunity?

## Scenario 2 – Student accommodation



Imagine that you can be **the founder** of a new venture/business that builds a platform to connect landlords with student tenants around the globe (“the AirBnB of student accommodation”).

Students can visit the website or download the free app, and are able to search through listings and contact landlords directly on the platform, which offer anything from a spare room to a whole house to students.

The vision of the business is to become a serious player for student accommodation in a \$US multi-billion market environment with the intention to provide additional value-adding services around student accommodation and to become the experts for “the needs” of the student community.

### Tasks

1. Do you believe that each scenario represents a potential business opportunity? If yes, why?
2. Which scenario would you select if you imagine to be the founder for the opportunity behind it?
3. How would you try to develop this opportunity?

### Scenario 3 – Purpose-led content production



Imagine that you can be **the founder** of a new venture/business that develops and produces film & television projects that are at the same time engaging, entertaining and have a relevance in our world today (reflecting people, stories and issues of the 21<sup>st</sup> century).

There is an unrelenting global demand for this kind of content due to Video on Demand (VoD) streaming service providers like Netflix, Apple, Disney, Amazon Prime, etc. , which creates an opportunity to produce more creative, value-driven and purpose-led content for these providers.

The vision is to be a leading producer of purposeful storytelling, through the creation of socially impactful “must see” film & TV productions, for example purposeful children’s tv, awareness raising documentaries about inequality, social justice and environmental issues.

#### Tasks

1. Do you believe that each scenario represents a potential business opportunity? If yes, why?
2. Which scenario would you select if you imagine to be the founder for the opportunity behind it?
3. How would you try to develop this opportunity?

## Appendix D Data sample display

**Table of Respondents Demographics Data**

Gender	Age	Educational Background	Former Industry	Role	Single Founder	Years since Venture inception	Founder Identity type
Male	42	Bachelor in Technology - Nature Conversation Master in Business Administration	NGO - Wilderness Preservation	Executive Manager for Operations	No	4	Missionary
Male	25	Bachelor in Brand Mangement and Marketing Bachelor in Politics and Psychology	Brand Agency	Digital Content Designer	Yes	2	Darwinian
Male	29	Honors in Psychology	Technology	Project Manager	No	2	Missionary
Male	30	Bachelor in Commerce Honors in Commerce Bachelor in Engineering, Master in Biomedical Engineering	Manufacturing	Operations Manager	Yes	3	Darwinian
Male	26	Bachelor in Mechanical Engineering, Master in Biomedical Engineering	Civil Engineering Consulting	Mechanical Engineer	No	3	Missionary
Male	28	Bachelor in Philosophy, Politics and Economics	Manufacturing	Project Manager	No	3	Missionary
Male	31	Master in Economics	Economic Research - Impact Evaluation	Research Analyst	No	3	Missionary
Male	26	Bachelor In Economics	Online	Project Manager	No	2	Darwinian
Female	29	Bachelor in Finance Bachelor in Environmental Studies	Retail	Merchandise Planer	No	1	Darwinian
Female	37	Master in Economic Development Bachelor in Economics	Banking	Program Manager	No	7	Darwinian
Female	30	Honors in Economics Master of Commerce	NGO - Disease Control	Program Manager	No	2	Darwinian
Male	36	PhD in Economics Bachelor in Commerce	Higher Education	Researcher	No	0	Communitarian
Female	27	Honors in Commerce	Banking	Auditor Business Development Manager	No	1	Darwinian
Male	22	Bachelor in Law Bachelor in Industrial Psychology	Real Estate	Manager	No	3	Darwinian
Female	32	Honors in Human Resource Management	Real Estate	Business Manager	No	2	Communitarian
Female	28	Bachelor in Accounting Bachelor in Marketing	Consulting	Project Manager	No	5	Missionary
Male	36	Master of Business Administration	Advertising	Client Service Manager Business Development Manager	No	3	Darwinian
Male	36	Bachelor in Agricultural Engineering	Agriculture	Manager	No	2	Communitarian

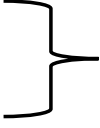
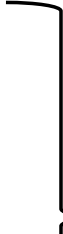
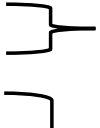
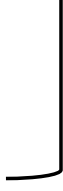
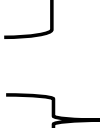






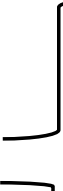

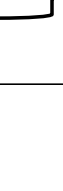


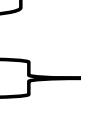



Gender	Age	Educational Background	Former Industry	Role	Single Founder	Years since Venture inception	Founder Identity type
Male	39	Bachelor in Arts	Manufacturing	Business Manager	No	5	Darwinian
Male	35	Bachelor in Electrical Engineering, Master in Software Engineering	Telecommunication	Technical Engineer	No	3	Darwinian
Female	41	Matric	Diverse	Diverse	Yes	3	Missionary
Male	31	Bachelor in Electrical Engineering Master in Industrial Engineering	Manufacturing	Project Manager	Yes	3	Missionary
Female	51	Bachelor of Arts in English Literature and Psychology	Advertising	Marketing Manager	Yes	3	Missionary
Female	29	Bachelor Economics Master in Business Management	Education	Administrator	Yes	0	Missionary
Female	31	Bachelor of Science in Biochemistry Master of Education	Education	Project Manager	Yes	2	Communitarian
Male	40	Bachelor in Commerce	Recruitment	Diverse	Yes	2	Missionary
Female	57	Matric	Financial Services	Marketing Manager	Yes	4	Communitarian
Male	34	Master in Finance PhD in Management	Higher Education	Researcher	No	0	Missionary
Female	31	Bachelor in Social Anthropology and Gender Studies	Higher Education	Administrator Business	Yes	2	Missionary
Male	57	Bachelor in Social Science Bachelor in Accounting	Nature Conservation	Development	No	2	Missionary
Female	50	Chartered Accountant (CFA)	Manufacturing	Accountant	No	2	Communitarian
Male	33	Bachelor in Engineering	Diverse	Diverse	Yes	10	Missionary
Male	39	Master in Theology	Diverse	Diverse	No	4	Missionary
Male	51	Master in Engineering	Consulting	Consultant	Yes	2	Darwinian

N=34



## Appendix E Coding Tables

**Table**  
Opportunity Evaluation - Judgement Criteria

First Order Codes		Second Order Themes		Aggregate Theoretical Dimensions
Assessing the general market characteristics Estimating the volume and size of the market		Understanding of market related Information		Gain Estimation
Analysing the growth rate of the market Segmenting the market		Understanding of financial Implications		
Assessing the profit margin Assessing the revenue model		Understanding of consumer related information Assessment of the competitive situation		
Identifying consumer needs Identifying consumer segments Assessing consumer demand		Assessment of the competitive situation		
Identifying the competitive situation in the market Analysing the strength and size of competitors		Perceived opportunity conviction		Feasibility
Assessing risk related information Identifying challenges Identifying what is doable Assessing the viability		Product related capabilities		
Reflecting on product related characteristics Reflecting on broader product concepts		General capabilities		
Assessing self-knowledge and familiarity Assessing own experience		Assessment of tangible resources		
Identifying various non-financial resources Identifying capital requirements		Personal identification		Desirability
Assessing the personal attractiveness Assessing own values Assessing own emotions Reflecting on own's legacy Reflections about social relationships Self-Evaluation		Venture goals		
Identifying social value proposition Assessing the financial sustainability Reflecting about venture size Reflecting about market exit strategies		Social group identification		
Assessing community related information		Understanding of costs involved		Loss Estimation
Identifying necessary investment (funding)				

N= 6 Communitarians

**Table**  
Opportunity Evaluation - Judgement Criteria

First Order Codes		Second Order Themes		Aggregate Theoretical Dimensions
Estimating the volume and size of the market Assessing the general market characteristics Estimating the price points in the market Analysing the growth rate of the market Segmenting the market		Understanding of market related Information		Gain Estimation
Assessing the profit margin Assessing the revenue model		Understanding of financial Implications		
Identifying consumer needs Assessing consumer demand Identifying consumer segments Assessing consumer feedback and expectations		Understanding of consumer related information Assessment of the competitive situation		
Identifying the competitive situation in the market Competitive Strategy Analysing the strength and size of competitors		Assessment of the competitive situation		
Identifying challenges Identifying what is doable Assessing the viability Assessing risk related information		Perceived opportunity conviction		Feasibility
Reflecting on product related characteristics Reflecting on broader product concepts		Product related capabilities		
Assessing self-knowledge and familiarity Assessing own experience Assessing own social network Assessing own skill-set		General capabilities		
Identifying various non-financial resources Identifying capital requirements		Assessment of tangible resources		
Assessing own values Assessing the personal attractiveness Assessing own beliefs Assessing own emotions Self-Evaluation Self-Evaluation		Personal identification		Desirability
Identifying social mission or social impact Reflecting about venture size Assessing the financial sustainability Reflecting about market exit strategies		Venture goals		
Assessing various costs involved Identifying necessary investment (funding) Assessing opportunity costs involved Analysing the loss potential		Understanding of costs involved		
Assessing willingness to invest personal time Assessing the time to financial pay-back Assessing the time to exit the market		Perspective of time		Loss Estimation
Analysing through professional perspective		Role Identification		
Identifying business concept		Understanding of business model		
Identifying role of government		Institutional environment		Other

N= 15 Missionaries

## Appendix F Ethical Clearance Approval Letter



### Faculty of Commerce

Private Bag X3, Rondebosch, 7701  
2.26 Leslie Commerce Building, Upper Campus  
Tel: +27 (0) 21 850 4375/ 5748 Fax: +27 (0) 21 850 4369  
E-mail: [com-faculty@uct.ac.za](mailto:com-faculty@uct.ac.za)  
Internet: [www.uct.ac.za](http://www.uct.ac.za)



@Commerce UCT



UCT Commerce Faculty Office

20<sup>th</sup> February 2019

Mr Farsan Madjdi  
Graduate School of Business  
University of Cape Town

Dear Farsan Madjdi

REF: REC 2019/000/001

#### THE ROLE OF FOUNDER IDENTITY IN OPPORTUNITY IDENTIFICATION AND FORMING IN THE SET-UP OF NEW VENTURES

We are pleased to inform you that your ethics application has been approved. Unless otherwise specified this ethical clearance is valid for 1 year and may be renewed upon application.

Please be aware that you need to notify the Ethics Committee immediately should any aspect of your study regarding the engagement with participants as approved in this application, change. This may include aspects such as changes to the research design, questionnaires, or choice of participants.


The ongoing ethical conduct throughout the duration of the study remains the responsibility of the principal investigator.

We wish you well for your research.

Shandre Swain  
Administrative Assistant  
University of Cape Town  
Commerce Faculty Office  
Room 2.26 | Leslie Commerce Building

Office Telephone: +27 (0)21 650 2695 / 4375  
Office Fax: +27 (0)21 650 4369  
E-mail: [sl.swain@uct.ac.za](mailto:sl.swain@uct.ac.za)  
Website: [www.commerce.uct.ac.za](http://www.commerce.uct.ac.za)<<http://www.commerce.uct.ac.za/>

"Our Mission is to be an outstanding teaching and research university, educating for life and addressing the challenges facing our society."

	<b>RESEARCH ACCESS TO STUDENTS</b>	<b>DSA 100</b>
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**NOTES**

- This form must be **FULLY** completed by all applicants who want to access UCT students for the purpose of research or surveys.
- Return the fully completed: (a) **DSA 100** application form by email, in the same word format, together with your: (b) **research proposal inclusive of your survey**, (c) **copy of your ethics approval letter / proof** (d) **informed consent letter** to: [Mooina.Khan@uct.ac.za](mailto:Mooina.Khan@uct.ac.za). Your application will be attended to by the Executive Director, Department of Student Affairs (DSA), UCT.
- The turnaround time for a reply is **approximately 10 working days**.
- NB: It is the responsibility of the researcher/s to apply for and to obtain **ethics approval and to comply with amendments that may be requested**, as well as to obtain approval to access UCT staff and/or UCT students, from the following, at UCT, respectively: (a) **Ethics**: Chairperson, Faculty Research Ethics Committee' (FREC) for ethics approval, (b) **Staff access**: Executive Director, HR for approval to access UCT staff, and (c) **Student access**: Executive Director: Student Affairs for approval to access UCT students.
- Notes** UCT Senate Research Protocols requires compliance to the above, even if prior approval has been obtained from any other institution/agency. UCT's research protocol requirements applies to all persons, institutions and agencies from UCT and external to UCT who want to conduct research on human subjects for academic, marketing or service related reasons at UCT.
- Should approval be granted to access UCT students for this research study, such approval is effective for a period of one year from the date of approval (as stated in Section D of this form), and the approval expires automatically on the last day.
- The approving authority reserves the right to revoke an approval based on reasonable grounds and/or new information.

**SECTION A: RESEARCH APPLICANT/S DETAILS**

Position	Staff / Student No	Title and Name	Contact Details (Email / Cell / land line)
A.1 Student Number	MDJFAR001	Mr Farsan Madjdi	<a href="mailto:MDJFAR001@gsb-uct.ac.za">MDJFAR001@gsb-uct.ac.za</a> / 0027640033327
A.2 Academic / PASS Staff No.			
A.3 Visitor/ Researcher ID No.			
A.4 University at which a student or employee	UCT	Address if <u>not</u> UCT:	
A.5 Faculty/ Department/School	Graduate School of Business (GSB)		
A.6 APPLICANTS DETAILS If different from above	Title and Name	Tel.	Email

**SECTION B: RESEARCHER/S SUPERVISOR/S DETAILS**

Position	Title and Name	Tel.	Email
B.1 Supervisor	Assoc/Prof Mikael Samuelsson	0619627563	<a href="mailto:mikael.samuelsson@gsb-uct.ac.za">mikael.samuelsson@gsb-uct.ac.za</a>
B.2 Co-Supervisor/s			

**SECTION C: APPLICANT'S RESEARCH STUDY FIELD AND APPROVAL STATUS**

C.1 Degree – if applicable	PhD
C.2 Research Project Title	The role of founder identity in opportunity identification and forming in the set-up of new ventures
C.3 Research Proposal	Attached: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
C.4 Target population	Students in MBA, MPhil PGDip and MCOM programs at the GSB
C.5 Lead Researcher details	If different from applicant: Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
C.6 Will use research assistant/s	If yes, provide a list of names, contact details:
C.7 Research Methodology and Informed consent	Research methodology: Mixed methods – quantitative and qualitative with questionnaires and interview Informed consent: Yes, advised to participants
C.8 Ethics clearance status from UCT's Faculty Ethics in Research Committee /Chair (EIRC)	Approved by the UCT EIRC: Yes <input checked="" type="checkbox"/> With amendments: Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> (a) Attach copy of your UCT ethics approval. Attached: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> (b) State date / Ref. No / Faculty of your UCT ethics approval: 20/02/2019 Ref./Faculty.: REC 2019/000/001

**SECTION D: APPLICANT'S APPROVAL STATUS FOR ACCESS TO STUDENTS FOR RESEARCH PURPOSE**  
(To be completed by the UCT - ED, DSA or Nominee)

D.1 APPROVAL STATUS	Approved / With Terms / Not	* Conditional approval with terms	Applicant's Ref. No.:	
	(i) Approved <input checked="" type="checkbox"/> (ii) With terms <input type="checkbox"/> (iii) Not approved <input type="checkbox"/>	a) Access to students for this research study must only be undertaken <u>after</u> written ethics approval has been obtained. b) In event any ethics conditions are attached, these must be complied with before access to students.	MDJFAR001 / Mr Farsan Madjdi	
D.2 APPROVED BY:	Designation	Name	Signature	Date of Approval
	Executive Director Department of Student Affairs	Dr Mooina Khan		20 February 2019